

Living with the Dragon: What does a coherent UK policy towards China look like?



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Introduction: What's the Strategy? Is there a Strategy?

Dr Robert Seely

The 21st Century will mark a struggle between two visions for humanity: between open societies whose governments are the servants of their people; and between closed states whose regimes seek to master them. This century will be a contest between those that seek to use the great inventions of this age – artificial intelligence (AI) and big data – to aid humanity, or those that seek to control it. The United States (US) and its liberal democratic allies such as the United Kingdom (UK) represent the former, whilst China – in its current guise – and its authoritarian allies, the latter.

The previous Conservative Government described China as an 'epoch-defining challenge.' That much is true. But thus far our answer on how to address this challenge, both in the UK but more widely across the democracies of the West, remains piecemeal, disconnected, and lacking a long-term strategic vision.

Our consistency, whilst not unique to Western nations, is painful given our self-proclaimed role as both intellectual and strategic leaders. Indeed, whilst there seem to be many think tanks in the UK 'doing strategy', there seems to be precious little strategic thinking in Government. As Charles Parton notes in this volume, the UK has a wide range of 'strategies', but lacks one on China. Yet, it is increasingly obvious, as Harry Halem from the Yorktown Institute argues, 'that China poses a profound strategic, political, and moral challenge to the United States (US)-led international system.'

There are many ideas in this project. For my own part, I make suggestions in relation to the future of research into genomics. But my overwhelming suggestion is to argue for the UK to establish a National Strategy Council to help drive long-term thinking across the British state, and by doing so, help and encourage others to do likewise.

It is important to note that China's rise could be a very good thing for the world. Aside from lifting tens of millions out of poverty, the peaceful rise of a nation representing such a large percentage of the human race should be a remarkable event for the peace and prosperity of humanity. As Lord Alton says: 'It is perfectly possible to admire the people, culture and civilization of China while opposing the CCP dictatorship that rules China.'

Sadly, under President Xi, that rise is increasingly geared to conflict, albeit without – as yet – major conventional war. As China's minister of State Security said in 2021: 'International struggles are becoming increasingly fierce, and system confrontation has become a prominent feature of the game between major powers.'

The collapse of communism in Europe and Deng's reforms in China did not result, as we hoped, in 'the end of history' – in other words, the move to a single set of global political and economic assumptions. China's entry to the World Trade Organization (WTO) has resulted in global economic growth, but is not now resulting in greater security. Indeed, quite the opposite is true: what China – and arguably Russia – have done is trash the system from the inside.

Nowhere are the effects of this more readily apparent than on the battlefields in eastern Ukraine, as China's 'friendship without limits' with Putin's Russia has undoubtedly resulted in economic and thus military advantage on the fields of Europe as Putin presses in his illegitimate war of conquest against the people of Ukraine. Xi's China has implicitly helped Putin in his time of need, as China continues to pump sanctioned Russian crude oil into its own economy, with varying degrees of military and technological transfer going back to Moscow in return. China's increasing role in the war in Ukraine, and its continued support of Putin, are two major challenges that the new UK government will have to address.

Demonstrably, the relationship we therefore have with China now has become significantly more complex than that we had with the USSR. For a start, we have a much deeper trading relationship with communist China because we allowed it to join our economic system, a system it is now inverting as a matter of policy.

What started with Chinese fiscal and trading activities underscoring Beijing as a bad faith actor in the WTO has developed into malign Chinese diplomatic and economically coercive behaviour within international organisations and across multilateral forums. Gray Sergeant discusses how this coercive diplomacy negatively affects global security – particularly as China continues to apply immense political pressures on Taiwan, and on any nation that seeks to engage with Taipei on matters of common humanity, such as global health.

The single biggest danger we face in the UK is the creation of economic and supply chain dependency on China which will become so great that we have no choice but to acquiesce in its agenda, even to the extent of abandoning our closest allies. If we allow this to take place, it will be an unmitigated disaster for ourselves but also the world, a betrayal of not only our present but also our future. Darren Spinck argues that supply chain security is a critical part of national security. He looks at lessons from Washington and offers suggestions to improve the diversification of our supply chains.

Already, the UK Intelligence and Security Committee of Parliament has shown that China has penetrated ‘every sector’ of the UK’s economy.

But economics is one part of the bigger picture, and in this Civitas project we have attempted to weave together some of the main threads: economics, science, domination of high-tech industries, use of slave labour, oppression of CCP targets in the UK and the influence of China on UK universities. The scale of the issue is remarkable. To look at one specific area, Chinese investment in UK universities, Robert Clark reminds us that up to a third of all Chinese funding gifted to UK universities since 2017 has been directly linked to the People’s Liberation Army (PLA) or to China’s military-industrial complex. We are directly aiding China’s military rise, with all the potentially disastrous consequences that could flow should war break out with the US, Taiwan, or other UK allies.

The contributors and their arguments

First, this project seeks to show what China and its leader, President Xi, want. Too often, we guess at the aims of the Chinese Communist Party (CCP) or seek to interpret them through our own beliefs. Charles Parton, one of Britain’s foremost China experts, lays out clearly and simply what China’s agenda is, in its own words. Critically, there are nine interrelated strategies. These range from an economic competition where China refuses to play by the same rules, to the use of people and individuals to influence and manipulate foreign governments and societies, to the domination of new industries and the mass collection of data.

Critically, it also includes the creation of dependency, ‘ensuring that foreign governments cannot adopt policies inimical to CCP interests.’ That dependency process is well underway and the further it goes, the more difficult it will be to reverse. We have had victories. Iain Duncan Smith, myself and MPs, including those in the last Parliament, worked to block China’s dominance of the UK’s future 5G networks through the state entity Huawei, but there are many other areas in which we have barely recognised the threat, let alone found the answer, be it in cellular modules or domination of genomic research.

Andrew Caine describes how we can trade whilst protecting ourselves. So often in recent years, both the Government and the pro-China business lobby have relied on the lazy and largely dishonest argument that either we don’t trade at all with China, or we need to accept the status quo – as if there is no way to protect our interests better, or if it is ‘unsporting’ and ‘un-British’ to complain when China steals UK Intellectual Property or undermines international trade through rapacious practises, including slave labour.

There *are* clear benefits of trade. There are also clear risks, which Caine eloquently describes. These are economic dependence (again), exposure to data collection, increased military risk by allowing Chinese acquisition of British technologies, unfair competition, and compromising our values through the purchase of goods made with slave labour. Unfair trade practices are an absolutely critical element of this. China’s developing country status at the WTO means that the rules that apply to Western nations do not apply to it.

Darren Spinck and Labour's Liam Byrne echo this theme, not only to diversify supply chains but also to coordinate competition, trade and investment policy with our allies. Byrne argues that, rather than free trade, we should think in terms of 'trusted trade'. To ensure that we trade whilst protecting ourselves, Byrne argues for a policy of 'three defences' covering a much tougher approach to fair competition, a transformation of economic security policy, and a new strategy for enhancing alliances with Europe, Africa, and across the wide Indo-Pacific. To gain the economic security we need, Byrne argues for a new Office of Economic Statecraft.

And what about our alliances and allies in the Indo-Pacific? We have no North Atlantic Treaty Organization (NATO) for collective defence against China, Kevin Rowland points out. Instead, the free nations have, he says: 'an interconnected web of partnerships, alliance structures, dialogues and regional fora where consensus and mutual interests interlink.' What we need, he rightly argues, is a collective will and vision to work together to defend ourselves whilst accepting that agendas do not always overlap. It is worth noting that our major English-speaking allies (the US, Australia, Canada, and New Zealand) are all Pacific nations. The UK is the exception.

Harry Halem's central question for policy, particularly from the British perspective, is whether the UK's American and European allies can align their priorities and objectives in Eurasia and what the UK's role in that might be. He argues that an articulate and credible China policy, 'while not existential for British survival, is undeniably central for the UK's ability to influence the world around it.' Drift and stagnation is no longer an option.

Our relationship with China also encompasses our values as a society. What should we allow to happen on our own soil and how concerned should we be about China's oppression of its own Turkic Uighur Muslim populations, as well the development of AI and big data to make revolt against the Communist Party in China all but impossible.

In this vein, Lord David Alton asks where our desire to promote a universal set of human rights sits in our relationship with China. He finds the UK's current approach, both morally and geopolitically, lacking. Critically, he writes:

'We seem to sit in a holding pattern of incoherent strategy, moral ambiguity and tacit consent for a changing political order in which President Xi tightens his internal grip on power, consolidates his embrace over international institutions – and undermines the West's ability or willingness to uphold the rules-based order.'

He notes, correctly, that we have too little faith in our civilisation's values, and suggests that all of us be given the chance to judge whether we want to buy from a state whose moral values are very different from our own. He asks: 'What if, today, all retailers were required to label goods from China as "made in a state credibly accused of slave labour"?' Surely we should give British and Western consumers the right to know, so that they can decide whether they want to save money by buying something purchased off the state which permits the human misery of others?

In the UK, Andrew Chubb details the many techniques of the CCP for interfering with the exercise of basic rights, ranging from violence, intimidation and physical and online harassment of China's opponents here. His work begs the question, why on earth have we allowed this to happen in our nation? Why can't we defend our values, even here?

The answer may be found in Sam Dunning's article, examining Chinese interference in the UK's society and security through the Chinese Communist Party organisation, the United Front. He is blunt. 'Today's CCP is not formally at war. However, it conceives of itself as engaged in a political, ideological, economic, and cultural battle with various adversaries.' Its weapon in societies such as ours includes the United Front Work Department (UFWD) of the CCP, which oversees work peddling influence and countering those Chinese voices opposed to the Communist Party, be they mainland Chinese, or from Hong Kong, Tibet, or China's Muslim Uighur population in the semi-autonomous province of Xinjiang.

Finally, Robert Clark highlights the already dangerous dependency of UK universities on Chinese students. Over one in five international students in the UK in 2021-22 were Chinese – around 120,000 per year. His

recommendations are clear: get Confucius Institutes out of the UK, align the UK sanctions list with the US' Entity List, and end collaboration with China's military universities.

Some battles are not even on the public or policymakers' horizon, with industries that are so novel we risk being hopelessly reactive. Genomics is one of those areas. Compared to the US, the UK is sleepwalking into another national security failure with its lacklustre approach against Chinese genomics companies. I explain why and what we can do to stop it.

So, what of the current UK Government? The approach to the CCP has been in limbo until the results of the General Election earlier this year. With the arrival of the new Labour Government, we should now expect actions from the CCP, potentially threats if we stand up for our interests, mixed with blandishments if we do not.

Collectively, our contributors believe that Britain, as one of the leading free nations in the world, needs a greater sense of strategy, awareness and urgency in our China policy. Yes, there is opportunity, but there are threats too, military ones which could destroy the global economy, threats to our ability to support our allies, to the future of science and health, to universal human rights, to our education systems, and to our values.

A greater sense of strategy, through a specialised institute of Sinology, as Sam Dunning argues, or a National Strategy Council to complement the work of the National Security Council, as I propose, is needed.

Finally, it is worth remembering the words of the great scholar of conflict and strategy, Sun Tsu, who wrote in *The Art of War*, 'Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.'

We have some tactics. We have no strategy. Working with friends and allies around the world, we must develop a strategy, otherwise we gift the future of the free world to the world's most powerful dictatorship.

China: A Challenge that we can meet

Sir Malcolm Rifkind

China is becoming the most serious challenge to the West, and to the world as a whole, because of its economic growth, military strength and aggressive foreign policy as regards its territorial claims and record on human rights. These developments are as significant a priority for new British Prime Minister Sir Keir Starmer and his Labour colleagues as they were for their Conservative predecessors. As such, an assessment regarding China's new status need to be made before considering specific UK issues.

Chinese premier Xi Jinping aspires to offer a model of government to Asia, Africa, and Latin America based on China's own form of state capitalism combined with one party dictatorship. But, in truth, China's new status is not because it has discovered the key to prosperity. China's economic success, while impressive, has been no greater than that of Japan, South Korea, Singapore, Taiwan or other Asian countries that achieved similar economic growth but did so in the 1950's, 1960's and ever since.

China's emergence as a superpower should, also, have begun in the 1950s after the end of its Civil War. We have known for a long time that the Chinese, when permitted, make very good capitalists. We saw that in the 1960s when Hong Kong, Singapore and Taiwan, all inhabited by people of Chinese extraction, began to achieve great prosperity. It was the foolishness of China's Communist ideology, of the Great Leap Forward, and of the Cultural Revolution under Mao Zedong, that seriously delayed mainland China's transformation.

As important is the fact that China's Asian neighbours not only achieved prosperity long before China – their economic prosperity, unlike China's, has been combined with an embrace of democracy and the rule of law. Japan took the democratic path after 1945. Both South Korea and Taiwan were subjected to military dictatorships which were overthrown. All, today, are healthy democracies which respect the rule of law.

China's own Asian neighbours demonstrate how false Beijing's claim is that authoritarian government is necessary for developing countries to reduce poverty and enjoy economic growth.

It was because of the decision of Deng Xiaoping, leader of China during the 1980s, to introduce capitalism 'with Chinese characteristics' that China was able to begin to catch up with its Asian neighbours and the Western world. Today's China is not a Communist state, although it is a dictatorship ruled by a political party that calls itself Communist. As is well known, today's China has more billionaires than the United States.

China has embraced capitalist economics but it has, also, submitted all companies and businesses to the control of the Communist Party, including compulsory representation on many company boards.

Of course all capitalist economies in the West are subject to some degree of government supervision. There is no unbridled capitalism. The US and the UK have had anti-trust and anti-monopoly legislation since the end of the 19th Century. In recent years there has been substantial growth in regulation of the banks and the financial sector, as well as health and safety legislation and, more recently, in environmental standards for companies as a whole.

But in the West, and most of the rest of the world, this involvement by Government is to ensure that competition is preserved and not eliminated by monopolistic practices; to protect national security, or to ensure that well-defined social or environmental requirements are met. In China, by contrast, the control of the Communist Party and its interference in the decision making of companies and businesses is, overwhelmingly, to ensure that the monopolistic power of the Communist Party over all aspects of Chinese life will not be threatened.

One must acknowledge that China's recent economic success has demonstrated that the imposition of ultimate Party control over companies and businesses in an, otherwise, capitalist economy, including imposing Party representatives on many company boards, does not necessarily destroy entrepreneurship though it is reducing

profitability and initiative throughout the Chinese economy. This is a major reason why the Chinese economy has become very sluggish in the recent past. This political ambivalence about the need for a market economy result from the so-called 'Chinese characteristics' as applied by the Chinese Government in recent years.

What, however, makes China so much more important, in its economic growth, is because, unlike its east Asian neighbours, China has a population of 1.4 billion people. When a country of that size adopts capitalist economics and uses its new wealth to expand, to a dramatic degree, its military capability, the consequences reverberate around the world.

That China will be the new superpower, alongside the United States, cannot be seriously contested. Its population of over a billion, its recent increase in economic strength and export capability, its status as a nuclear weapon state, its massive increase in military capability, especially its naval power, and its existing occupation of a permanent seat on the Security Council of the United Nations will ensure that superpower status is realised.

It is, however, insufficiently understood in the West that all these considerations would apply even if China ceased to be ruled by the Communist Party. Even if it became a more open and liberal country this would not necessarily change Chinese foreign and defence policy. Xi Jinping is as much a nationalist as he is a communist. This consideration is not given sufficient weight in the development of policy and strategy, either in the United Kingdom or elsewhere in the West, as to how to deal with this new China.

Some see China not only as a new superpower, which it is becoming, but one that aspires, one day, to replace the United States as the dominant world power. China, already, has become the most powerful state in the Far East.

Beijing's short- to mid-term objective is, indeed, to replace the United States in the Western Pacific and become the dominant power in that region. That would not only enhance its status but help it to impose its will on its neighbours, especially Taiwan. It would also help ensure that China, which relies on 85 per cent of its imported oil coming by sea, through the Malacca Straits and the South China Sea, could not be subject to a blockade by the US or other hostile powers.

But does this suggest that China seeks ultimate global supremacy; the status now held by the US and once held by the British Empire? That will be near impossible for China to achieve. The world has changed fundamentally since the British Empire covered a quarter of the world, or since the United States achieved its own global supremacy after 1945.

The British Empire only emerged because the Industrial Revolution gave Britain unprecedented economic and naval strength. That led to Britain, during the eighteenth and nineteenth centuries, gaining control over weak, poor, undeveloped countries unable to resist including, to some degree, China itself.

The United States then replaced Britain. Its extraordinary dominance occurred in the twentieth century after 1945 with a Europe and a wider world devastated by the Second World War. In contrast, today, all China's Asian neighbours are modern, successful states. They include India and Japan. While individually they cannot compare with China, all of them are slowly forming new alliances, and working with the United States and Australia, to check Chinese ambition.

These new alliances and renewed geopolitical competition lead many to ask: are we facing a new Cold War with China? The most important development in China in the last few years has been the emergence of Xi Jinping as its most powerful leader since Mao Zedong. Xi has ignored the advice of Deng Xiaoping that China, when economically powerful, should not throw its weight around. He has, instead, destroyed the 'One country, two systems' principle for Hong Kong, which was Deng's inspiration.

Although China, nominally a Communist state, is now the world's other superpower, the world is not about to see a new Cold War of a kind we faced with the Soviet Union from 1945-1989. There are reasons why one can say that the two situations are not comparable.

Firstly, the Soviet Union was not just a national threat to the United States and to Europe. In Communism and Marxism-Leninism it possessed an alternative ideology that had appeal, in the early years, to tens of millions of ordinary people in Asia, Africa, and Latin America, as well as in Western Europe. China has no comparable ideology that can have universal appeal. Its enthusiasm for authoritarianism and dictatorship may be of appeal to other despots and potential dictators. There may be other states that will end up with, or even choose through election, a populist dictator but China cannot aspire, as the Soviet Union did, to be the potential leader of a global empire.

Secondly, China, unlike the Soviet Union, does not control or, so far as we are aware, aspire to control, the domestic government of any other state, apart from Taiwan. The Soviets, in comparison, controlled the satellite states of Eastern and Central Europe throughout the Cold War and invaded Hungary and Czechoslovakia when they tried to restore their independence. They occupied a third of Germany. They imposed upon these states Communist governments against the will of most of their population.

Thirdly, although China has greatly increased its military and naval power it will remain weaker than the United States, especially in nuclear weapons, for the foreseeable future – despite rapid recent nuclear proliferation.

Finally, both the British Empire and the United States had, and have, the inestimable advantage of the English language which has, gradually, become the nearest thing to a global language that the world has seen. China has a great cultural history but the Chinese language is, and will remain, unknown and inscrutable to the rest of the world. That greatly reduces China's potential soft power.

If not through a Cold War how will the West and China's neighbours resist an aggressive China? All of China's Asian neighbours are being bullied by Beijing. Taiwan is threatened with invasion and India has had soldiers killed on the Chinese-Indian border since 2020. China has antagonised the countries of South-East Asia, including communist Vietnam, by occupying and militarising islets in the South China Sea. Japan and South Korea have rejected Chinese claims to islands which are part of their territory.

Individually, these provocations are difficult to resist. But the effect of this behaviour is that all of China's neighbours, together with Australia and the United States, are coming together to contain Beijing. India, which remained non-aligned throughout the Cold War and never split with the Soviet Union, has now joined with the United States, Japan and Australia in an unprecedented 'Quad' (Quadrilateral Security Dialogue), which meets to discuss how to resist Chinese aggression.

The Pacific and the Indian Oceans are no longer separate. We now have the Indo-Pacific geopolitical region, which combines all the countries resisting Xi's foreign policy. India and Japan, although thousands of miles apart, have joint naval exercises; and communist Vietnam is getting closer to the United States than it is to China. India, South East Asia, and Japan will balance China's strength, especially if the United States remains fully committed to the region.

Xi is strong enough to ensure that he can achieve short-term gains by throwing China's weight around. But he is a poor strategist who is causing deep harm to China's long-term interests. Many in China, including in the Communist Party, and perhaps some in the Politburo, must be asking themselves what is so clever about uniting all of China's Asian neighbours – from Tokyo, through South-East Asia to Delhi – with the United States and Australia, to work and plan together to contain the People's Republic?

Xi has ignored Deng Xiaoping's advice. In doing so, he threatens and undermines the future of his own country. He may also be undermining himself. That is not statesmanship but hubris.

Chinese foreign policy is not limited to territorial claims on their Asian neighbours. The Chinese now have a naval base in Djibouti; they control a port in Sri Lanka and they have negotiated berthing and refuelling rights in various countries between South East Asia and the coast of East Africa – its so-called 'String of Pearls'.

The Chinese strategy is not just to become the major Asian naval power, but to ensure free passage both for their exports and, just as important, their essential imports, especially of oil from the Gulf.

They are conscious that the ‘chokepoints’, particularly the Malacca Straits, could be used as part of a blockade against them during a time of conflict. In this respect they attach the same importance to free rights of passage as does the Royal Navy.

In its attempts to increase both trade and debt dependencies on Beijing, China has now become both the dominant investor in the post-Soviet states of Central Asia, and their major trading partner. The Belt and Road Initiative and the rail network through Central Asia will enhance and make permanent Chinese influence across much of Central and even western Asia.

The main loser of this Chinese activity will be Russia, increasingly weakened from its war of conquest in Ukraine and who will see its predominance gradually weaken in its own hinterland. In the long term, China will be, as it always has been, more of a threat to Russia and its territorial integrity than either Europe or the United States.

A major geopolitical importance of the BRI is that for the first time there will be a substantial, and growing, physical link, through Central Asia, from China to Europe, including the UK; and from Europe to China.

Historically, there was the Silk Route, but this was never more than a few dozen traders and their camels carrying their wares to Turkey and the Middle East, some of which eventually reached Europe. Everything else, until a few years ago, had to be carried by seaborne transport from or to China, either through the Suez Canal, or round the Cape, to Europe or the reverse.

Already, overland rail transport of exports and imports from and to China is substantial.

So never again will China be the far away country of which we know little. And nor will Western Europe, and the UK, be so to China. The great Eurasian land mass is no longer just a geographical feature. It is now a geopolitical one. The United Kingdom is at one end; China is at the other.

But what does this mean for UK-China relations, especially with the advent of a new British government?

The UK and the European Union do not face a direct military or territorial threat from China. The United States, it must be remembered, entered the Second World War because of the attack on Pearl Harbor in Hawaii. The US, unlike the UK and Europe, is a Pacific as well as an Atlantic Power.

However, as the Integrated Review from 2021 made clear, China was ‘likely to be the most significant geopolitical factor of the 2020s’ for the UK.¹ Compounding this view further, the UK and China have had a difficult relationship for most of the last 150 years.

The Chinese will often describe, with some justification, that period as being humiliating for China because of its weakness. The worst culprit was Japan which invaded China and occupied much of its territory in the 1930s. But Russia, Britain, and France were also culpable. They were not responsible for China’s weakness, which was the result of domestic causes, but they did exploit it. That is often used by China’s leaders to justify their current policies.

David Cameron and George Osborne attached great importance to making China and the UK close and trusting partners. It was claimed that we were seeing the emergence of a ‘golden age’ for Sino-British co-operation.

That government has come in for significant criticism that it misunderstood what was happening in China, and that it was naive in believing that China would, however gradually, become more open and liberal if its economy was fully interwoven into the global economy. Cameron’s policy led to UK participation in the Asian Development Bank – despite US opposition.

The criticism of the then UK government is to some extent justified. Cameron and Osborne hoped that the Chinese might, gradually, reform. However, even under Deng Xiaoping China did not liberalise its political system, show respect for the rule of law or observe international norms as regards human rights. The massacre at Tiananmen Square was Deng’s responsibility not Xi’s.

¹ Cabinet Office (2021) *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy*, www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy (Accessed: 30th September 2024)

But there have been developments in China that Cameron and Osborne cannot be blamed for not anticipating. No one predicted that when Xi Jinping became China's leader he would not only not liberalise the system but do the reverse. China has become much closer to a totalitarian state than at any time since the death of Mao Zedong. Indeed the potential of modern technology has enabled the state's supervision of the whole Chinese population, not just the Uighurs, to a degree that was not available to Mao. China also uses that new technology to seek to impose surveillance on Chinese nationals abroad, including in the UK.²

Over recent years, the previous Conservative government and the British public have become increasingly critical of China. Rhetoric on the prospects for a Golden Age between the two countries has disappeared and been replaced by friction, mutual accusations, and deep disillusion in London.

There has been deep criticism over Chinese policy in Hong Kong, the treatment of the Uighurs, the militarisation of the South China Sea, and the unacceptability of Huawei participation in 5G. But these have, however, been accompanied by considerable common ground with China on climate change, on the Iran nuclear deal, and the desirability of encouraging increased trade between the two countries.

The isolation of China is not an option either for the UK or for the West. Political differences need not, and should not, inhibit other contact. At the height of the Cold War, the UK, the US, and the West as a whole, traded with the Soviet Union, negotiated Arms Control agreements, and identified common ground on environmental issues.

In any event, there is a fundamental difference between China and Russia today. China, unlike the USSR or Russia, is a massive participant in the global economy, mainly by exporting, but also by importing goods and services. It is ironic that China relies on the US as a destination for a high volume of its exports without which high levels of economic growth could not be sustained.

The single most important issue that has driven China and the UK apart has been Hong Kong and the destruction of the 'One country, two systems' principle which had operated since 1997.

Beijing meanwhile fumes at criticism from London on a whole range of human rights and foreign policy issues. It describes these criticisms as interference in its domestic concerns and as a hangover from Britain's imperialist mindset.

As regards Hong Kong, there is no vestige of 'interference' in the UK's strident criticism. 'Two systems' was not an imposition on China in 1997. Deng Xiaoping had proposed it, and an international Treaty, deposited at the UN, was signed by China and the UK.

The question remains as to what leverage the UK has to influence the Chinese Government and help the people of Hong Kong. The most important decision, so far, has been the promise of residence, and possible citizenship, for several million residents of Hong Kong.

It is remarkable that this announcement of potential migration of very large numbers of Hong Kong Chinese to the UK has been welcomed right across the political spectrum in the UK and by newspapers, media, and other sections of the population. The Chinese Government should be reminded of the solidarity of the British people on this issue and on their genuine desire to help the people of Hong Kong.

In other respects Britain, alone, does not have much leverage with China on this issue. The harsh reality is that the Chinese government has the power to do whatever it likes regarding Hong Kong. But there are areas where pressure can continue to be applied. The Labour Government should follow its Conservative predecessors in this respect.

Firstly, the UK has already been successful in internationalising this issue to the fury of Beijing. Not only is its insistence that Hong Kong is a domestic Chinese matter being rejected by the UK. The US, and many other countries have condemned China and will continue to work with the UK to try to influence Chinese behaviour.

2 Lau, J. (2024). 'Threats, fear and surveillance: how Beijing targets students in the UK who criticise regime.' The Guardian, 25 March. Available at: <https://www.theguardian.com/global-development/2024/mar/25/china-students-uk-beijing-transnational-repression-surveillance> (Accessed: 30 September 2024).

Secondly, China is destroying the goose that has been laying the golden eggs for the last 60 years. As Hong Kong becomes indistinguishable from mainland China, the great international companies that flocked there because it practised the rule of law will, in future, move their businesses to, or set up in, Singapore, Taiwan, South Korea, Japan or elsewhere. If English common law ceases to be the basis of Hong Kong's legal system, and if the rule of law is seen to have been trashed, the Chinese economy will be the poorer.

Thirdly, Deng Xiaoping's promotion of 'Two systems' was put forward not just to resolve the Hong Kong issue but to try to influence opinion in Taiwan towards a voluntary reunion with mainland China. The more Beijing trashes the Treaty it signed with London, the more Xi Jinping will fail to realise his ambitions on Taiwan.

The new British Government will have to be careful that it does not give the impression that it is able to make a major military or naval contribution, beyond AUKUS, to the collective security of the Indo-Pacific.

The UK is an Atlantic nation in common with the rest of Western Europe, but unlike the US which has an equal strategic interest in the Pacific. The UK's main priority will always be its own security in the North Atlantic. The UK can, however, show its commitment, with visits by its aircraft carriers, with joint exercises with Asian countries, with diplomatic support for Taiwan's freedom, and through its Commonwealth ties not just with Australia and New Zealand but with India, Malaysia, Singapore, and Brunei.

Does the advent of a new Labour Government in the UK make it likely that British-Chinese relations will either improve or become more adversarial? Early indications are that they will not change as there is a largely common view as to both the threats and the opportunities. Prime Minister Sir Keir Starmer, and his Foreign Secretary, David Lammy, have already said that they would like a constructive relationship with China which would be cordial but which would not hesitate to be critical either on human rights or on China's foreign policy. Although the rhetoric might be slightly different, it is already clear that the substance will remain largely the same as with the previous government under Rishi Sunak.

Fundamentally, there is a need for a coherent and robust China policy not just to be the reserve of No 10 Downing Street and the Foreign Office – there needs to be improved co-ordination throughout the Government as a whole. The National Security Council should emphasise the need for a Standing Committee of senior ministers to ensure that the effective co-ordination, of policy on China, throughout government that is required.

In summing up the approach that is needed both by the UK and by other Western powers towards China, one cannot do better than quote the remarks of Anthony Blinken, the US Secretary of State. He has said 'Our relationship with China will be competitive when it should be, collaborative when it can be, and adversarial when it must be'. The new Labour government would do well to heed this view.

Xi's ambitions in the coming years and how they will affect the UK

Charles Parton

When we talk of China, we are in practice talking about the Chinese Communist Party (CCP) and, unless the unexpected happens, about its General Secretary Xi Jinping. After all, 'The CCP leads all', as Xi tell us, and 'The Party has established Comrade Xi Jinping as the core of the CCP Central Committee and the core of the entire Party', as one of the 'Two Establishments', a main tenet of Party doctrine, puts it.³

The top priority of Xi and the Party is to stay in power: in autocratic systems losing power is dangerous, not least to leaders' personal safety. This lies at the base of all policy-making, domestic and foreign.

Xi himself expresses China's ambition as being to achieve the 'Second Centennial Goal' (a hundred years after the CCP set up the People's Republic of China (PRC) in 1949) – or 'national rejuvenation'. The goal is to make China into a 'modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious and beautiful'.⁴ To parse that more concretely:

- **Modern** means becoming the global leader in science and technology, in innovation and in the new industries.
- **Socialist** means the continuation of CCP rule and strict adherence to CCP ideology (that is, 21st Century Marxism or Xi-ism).
- **Prosperous** implies that the CCP controls the levers of the economy. While the market is to play a 'decisive role in the allocation of resources', the 'government is to better play its role'.⁵ This well-known phrase from the Third Plenum of 18th Party Congress in 2013 in fact underlines that the state-owned sector is to predominate; the private sector serves the state, not its shareholders.
- **Strong** is a reference to becoming the world's premier military power (in fact, the primary role of the People's Liberation Army and People's Armed Police is to guarantee regime survival).
- **Democratic** is code for an absence of political reform. The CCP is to remain in charge and unchallenged. The system is to remain 'Consultative Leninism', under the guise of 'whole process people's democracy'.
- **Culturally advanced** is more about CCP ideology and socialist core values than personal development. But culture must align with CCP interests and values.
- **Harmonious** can be interpreted as stable, a lack of anti-regime activity. It also implies homogenous, with Hong Kong, Macao, and Taiwan absorbed and ethnic minorities 'Hanified'.
- **Beautiful** refers to curing the environmental mess which a rapid development of the economy has inflicted on China.

In terms of external relations, the intent of the 'Second Centennial Goal' is to make China the number one superpower and thereby to depose the United States (US) from its pre-eminent position; and so to change global governance as to better suit CCP interests and values. However, there is no sign that Xi intends China to take over the US' role of being the world's policeman – secret policeman perhaps, but not the guarantor or enforcer of world peace.

3 Qishi.com. *Xi Jinping: "To understand China today, we must understand the Communist Party of China"*. Available at: www.qstheory.cn/zhuan-qu/2021-12/03/c_1128126506.htm (Accessed: 20 August 2024).

4 Xinhua (2017) *China Focus: Xi unveils plan to make China "great modern socialist country" by mid-21st century*. Available at: www.xinhuanet.com/english/2017-10/18/c_136688933.htm (Accessed: 20 August 2024).

5 China.org (2014) *Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform*. Available at: www.china.org.cn/china/third_plenary_session/2014-01/16/content_31212602.htm (Accessed: 20 August 2024).

Implications for Chinese domestic policy

A powerful economy is essential to support China becoming the number one superpower by 2049. The Chinese economy is currently hitting turbulence. This is the inevitable consequence of a lack of reform of the economic and social model, which Xi himself declared at the 2013 Third Plenum was ‘unbalanced, uncoordinated, unsustainable’.⁶ Hence, the announcement of 336 major reforms. Yet the most important ones, such as reform of the state-owned enterprises, taxes, local government finance and the hukou (a registration system which renders rural people second class citizens) have not been implemented. Nor has there been success in switching from investment and export-led growth to consumption as the main driver.

Ultimately, the problem lies with the political system and a refusal to reform that. Leninists – and the CCP system is indeed Leninist – must control the levers of economic power. So, while the private sector is a more vibrant part of the economy than the state-owned sector (the phrase ‘56789’ is common: the private sector provides 50 per cent of tax revenue, 60 per cent of GDP, 70 per cent of technological innovation, 80 per cent of urban labour, and 90 per cent of the number of businesses), the former must always serve the latter. Otherwise, if private entrepreneurs were not under Party control, economic power could lead to demands for political power (‘no taxation without representation’ does not just apply to 18th Century America). Too often outsiders are beguiled by the 2013 Third Plenum slogan of the ‘decisive role of market in the allocation of resources’, but fail to appreciate that the sentence continued ‘...and giving better rein to the functions of government’ – that is to the Party. The first part of the sentence is in effect subordinate to the latter part.

Furthermore, and fundamentally, trust is essential for long-term development. Yet the Party refuses to allow independent media, law, civil society, or to grant the people some form of true democracy to impose political accountability. That affects economic affairs as much as wider governance.

Xi’s answer to the above impediments is to rely on innovation, domination of the new sciences and technologies, and achieving global pre-eminence in the new industries which new technology is spawning. It is a gamble. Problems such as debt, demographics, water scarcity and inadequate education or mismatch of skills are likely to mean that, while China’s economy will remain important in the coming decades, it is unlikely to become the world’s largest, and may be insufficient to sustain China as the top superpower.

Ideology is unlikely to lose its importance while Xi remains in power. He will continue to emphasise the importance of believing in and living Marxism. Senior Party members will continue to spend around three weeks each year in prolonged study, on top of the weekly Party meetings and study necessary for all the 100 million Party members. The power and pace of the Central Commission for Discipline Inspection in imposing Party discipline and in fighting corruption will not lag. The effects are not all good: many officials are reluctant to take initiatives for fear of falling foul of accusations of going against Party ideology or discipline. It is worth remembering that most reforms in China since 1978 have come about because local leaders were prepared to break the rules and were supported by superiors when the results impressed.

While Xi remains in power, it is difficult to see any swerve away from the trend of increased ‘technological totalitarianism’. Ideology and fear of unrest fuse together. Xi is keen to ensure that ideology is present in the lives of the ordinary people: he wants to ‘forge new China man’, with the Party guiding art, literature, and many aspects of everyday life. New technologies are being brought to the business of societal surveillance. The ability of ordinary people to leave politics to the Party and get on with their lives is being restricted. Whether and to what degree they will tolerate this intrusion will become apparent in the future; it may also depend on economic prosperity matching popular aspirations.

Repression and surveillance aside, another way in which Xi will seek to maintain ideological momentum will be to continue to raise the bogeyman of ‘hostile foreign forces’, intent on containing and doing down China.

⁶ China Copyright and Media (2013) *Explanation concerning the “CCP Central Committee Resolution Concerning Some Major Issues in Comprehensively Deepening Reform”*. Available at: chinacopyrightandmedia.wordpress.com/2013/11/19/explanation-concerning-the-ccp-central-committee-resolution-concerning-some-major-issues-in-comprehensively-deepening-reform (Accessed: 20 August 2024).

Implications for Chinese foreign relations

Foreign policy must serve the Second Centennial goal of national rejuvenation and help to legitimise CCP rule – not least by underlining the CCP theme that ‘the east is rising, the west declining’.⁷ An important dictum of Xi is that ‘the world today is undergoing major changes unseen in a century’. In 2020, Yang Jiechi, the then politburo member in charge of foreign affairs, listed the main elements of change as: ‘multipolarisation’ (no one dominant superpower); global economic turbulence and the rise of protectionism; a need to reform the United Nations (UN) and global governance systems; threats to international security and stability; and the rise of clashing ideologies and values.⁸

Yang went on to summarise the main interests for China’s foreign relations: creating more favourable conditions for the country’s economic and social development, including international cooperation for ‘high-quality development of the service economy’ and for ‘deepen[ing] scientific and technological innovation’; ‘actively participating in the reform and construction of the global governance system’ centred on the UN and ‘expanding the representation and voice of developing countries in international affairs’ (the CCP sees China as not just representing developing countries, but also as a developing country itself, rightly enjoying the concessions open to that status in forums such as the World Trade Organization (WTO)); ‘opposing unilateralism and protectionism, and promoting the improvement of a more just and reasonable international economic governance system’; and ‘safeguarding national sovereignty, security and development interests’ (Yang mentioned Taiwan, Hong Kong, Xinjiang, Tibet, the South China Sea, and not allowing ‘external forces to interfere in China’s internal affairs’, presumably including human rights).

Yet there is a sharper edge to CCP encapsulations of its foreign relations. The foundation stone – and coping stone – of CCP foreign policy is a deep hostility towards and suspicion of the US. Beneath rhetoric which talks of room in the world for the two powers, the Party, when it is addressing its own, sees ‘struggle’ and ‘hostile forces’ as the underlying currents. Xi made the point in his first address to the Central Committee in January 2013:

‘We must diligently prepare for a long period of cooperation and of conflict between these two social systems in each of these domains [economic, technological, and military].’⁹

Three months later the CCP published the infamous ‘Document no. 9’ – more formally titled ‘Communiqué on the Current State of the Ideological Sphere’. This excoriated ‘Western’ values and systems and warned that:

‘...the position of Western anti-China forces to pressure for urgent reform won’t change, and they will continue to point the spearhead of Westernising, splitting, and ‘Colour Revolutions’ at China.’¹⁰

Since then, the drumbeat has been constant. As Chen Yixin, the Minister of State Security said in 2021:

‘International struggles are becoming increasingly fierce, and system confrontation has become a prominent feature of the game between major powers.’¹¹

‘The US suppression [of us] is a major threat but [our struggle with the US] is both a skirmish and a protracted war.’¹²

7 Zheng, W. (2021) ‘China’s officials play up ‘rise of the East, decline of the West’’, *South China Morning Post*, 9 March. Available at: www.scmp.com/news/china/diplomacy/article/3124752/chinas-officials-play-rise-east-decline-west (Accessed: 20 August 2024).

8 ‘Actively create a good external environment (Study and implement the spirit of the 5th Plenum of the 19th Central Committee)’, People’s Daily Graphic Database (1946-2020), 30/11/2020, bit.ly/acageet.

9 Greer, T. (2019) ‘Xi Jinping in Translation: China’s Guiding Ideology’, *Palladium*, 31 May. Available at: www.palladiummag.com/2019/05/31/xi-jinping-in-translation-chinas-guiding-ideology (Accessed: 20 August 2024).

10 *ChinaFile* (2013) ‘Document 9: A ChinaFile Translation’, 8 November. Available at: www.chinafile.com/document-9-chinafile-translation (Accessed: 20 August 2024).

11 Yixin, C. (2023) *Deeply study and implement the spirit of the 20th CPC National Congress to accelerate the construction of a new security pattern*. Available at: www.qstheory.cn/dukan/qs/2023-04/15/c_1129525153.htm (Accessed: 20 August 2024).

12 Zheng, W. (2021) ‘The time for China’s rise has come, security chief tells law enforcers’, *South China Morning Post*, 15 January. Available at: www.scmp.com/news/china/politics/article/3117973/time-chinas-rise-has-come-security-chief-tells-law-enforcers (Accessed: 20 August 2024).

Xi himself underlined the threat at the Sixth Plenum in November 2021: ‘Various hostile forces will never allow us to realise the great rejuvenation of the Chinese nation smoothly.’¹³

In July 2022, the head of one of the CCP’s main ideological organisations said that:

*‘The struggle between two social systems and two ideologies will also be long-term, complex, arduous and severe. The strategic contest between China and the United States is bound to last for a long period of time, for which we must be fully prepared ideologically and work.’*¹⁴

Or in the words of a document to be studied by all CCP cadres, put out in April 2022 by the Office of the Central National Security Commission and the Central Propaganda Department:

*‘Hostile forces persistently seek to ferment [sic] a “Colour Revolution” within our state, vainly attempting to subvert the leadership of the Chinese Communist Party and the socialist institutions of our state... On the international stage, Western hostile forces have not ceased their ideological infiltration of our country, not even for a moment. They do everything in their power to promote so-called “universal values”.’*¹⁵

Nor is the struggle to be confined to the major powers. Elements of the Chinese system are to be exported to developing countries. Under the name of modernisation there is a good dose of ideology. Xi has been increasingly open about changing the values and systems abroad. As he said in his February 2023 address to the Central Party School:

*‘Chinese-style modernisation... provides a brand-new model of modernisation for the whole world... it transcends the theory and practice of Western-style modernisation... and provides a brand-new choice for the vast number of developing countries.’*¹⁶

Xi Jinping’s world view – or ‘Xi Jinping Thought on Diplomacy’ – does not aim to impose a political system on other countries, as the USSR tried to impose its brand of communism, but rather it seeks to ensure that they adopt certain norms and standards, so that the world sings to its tune, not an American one. It means that security is the first consideration, firstly of the Party itself and then in another 15 areas of which energy, food and resources are the main ones. Struggle and security are more often than not the prime consideration in dealing with the US and its allies.

In working to achieve the Second Centennial goal, the CCP relies on nine interrelated strategies:

1. **A contest between economic systems, in which China does not play by established rules.** In particular, the use of subsidies, grants of land, cheap loans and other forms of government support is used to undermine foreign competition. Another element is a lack of reciprocity, not least resulting in foreign companies being severely disadvantaged in the China market. Recent anti-subsidy actions by Brussels, Washington and other capitals show that foreign governments are fighting back.
2. **The use of economic sticks and carrots as a diplomatic tool.** In essence, if a country aligns its policies with Chinese wishes, it is granted access to the Chinese market and may benefit from investment; but if it displeases, it is put in the ‘diplomatic doghouse’. (The effects of this are often greatly exaggerated by foreign governments. In the last decade, the exports to China of all countries put in the diplomatic doghouse have grown. Indeed, the only time UK exports fell was during the so-called ‘Golden Era’ in 2015 and 2016.)¹⁷

13 Jinping, X. (2022) *Learn from history, create the future, work hard, and move forward courageously*. Available at: www.qstheory.cn/dukan/qs/2022-01/01/c_1128219233.htm (Accessed: 20 August 2024).

14 Central Commission for Discipline Inspection and National Supervisory Commission (2022) *New Journey, New Thoughts, New Chapter / Understanding and Grasping the “Two Establishments” from the Future Dimension*. Available at: www.ccdi.gov.cn/toutiaon/202207/t20220707_203485.html (Accessed: 20 August 2024).

15 Office of the Central National Security Commission and Central Propaganda Department (2022) *Persevere in Placing Political Security in the Predominant Position*. Translated by Liao, K. (2023). Available at: www.strategictranslation.org/articles/chapter-six-persevere-in-placing-political-security-in-the-predominant-position#body-content (Accessed: 20 August 2024).

16 Xinhua News Agency (2023) *Xi Jinping delivered an important speech at the opening ceremony of the seminar on studying and implementing the spirit of the 20th CPC National Congress*. Available at: www.gov.cn/xinwen/2023-02/07/content_5740520.htm (Accessed: 20 August 2024).

17 Parton, C. (2021) *Empty threats? Policymaking amidst Chinese pressure*. Available at: www.geostrategy.org.uk/research/empty-threats-policymaking-amidst-chinese-pressure (Accessed: 20 August 2024).

3. **External propaganda.** The CCP spends billions of dollars each year on promoting its messages abroad. It goes further, by attempting to control the content of foreign press or by providing pro-China reporting adopted by other press agencies which are not present in that theatre.
4. **Activities of the United Front Work Department (UFWD).** Under Xi, the UFWD has become even more active abroad in interfering and influencing foreign governments and society in ways which are covert or coercive. ('The United Front Strategy' can be summarised as identifying the main enemy (the US) and moving its allies to a neutral position and those countries which are neutral to a pro-China stance.)
5. **Seeking to change global governance.** While keeping the façade of the United Nations and other existing institutions, the CCP wishes to change the substance of their operations and values. It also seeks to set up alternative bodies to conduct global governance, such as the Shanghai Cooperation Organisation, BRICS, the Asian Infrastructure Investment Bank and New Development Bank. Xi's Global Development Initiative, Global Security Initiative and Global Civilisation Initiative are aimed at creating a 'Global South' bloc which aligns with Beijing against Washington.
6. **Creating dependencies,** thereby ensuring that foreign governments cannot adopt policies inimical to CCP interests. These dependencies are not just on resources such as lithium, germanium and gallium, but also on technologies and components/systems which are essential to the functioning of a modern economy, such as Cellular (Internet of Things) modules.
7. **Dominating the new sciences and technologies, and the new industries which grow from them.** If China can control or monopolise these, it will have strong levers to use against other countries. It will also ensure the economic rents which will enable it to sustain its status as a superpower.
8. **Data.** Often described as the new oil, data are massively important for constructing tools which can be used to reinforce economic, military, intelligence or other uses. The CCP seeks to gather data, whether for use now or in the future.
9. **Military build-up.** For many years the rise in expenditure on the PLA has been greater than the increase in GDP. Without a strong navy, in particular, it would not be possible for the CCP to impose its will on the immediate region (Taiwan and the South China Sea), let alone push its interests further abroad.

No government wants war. But by garnering success in the nine strategies above, the CCP intends to win without fighting.

What the CCP's ambitions and approach mean for the UK

Although the CCP would list the US, EU, regional and neighbouring issues, and the 'Global South' as higher priorities, it does recognise the UK's importance: as a permanent member of the UN Security Council; a supporter of open trade and investment; a repository of financial and other expertise; a centre of educational excellence and scientific research; a leader of innovation; and one of the biggest economies in the world.

The CCP's attitude to the UK can be divided into positive and negative aims. Undeniably in recent years, seen from the Chinese perspective, the opportunities for positive engagement have shrunk, as the attitude of the British government has become more concerned about CCP intentions. In the *Integrated Review Refresh*, China under the CCP was described as posing 'an epoch-defining and systemic challenge with implications for almost every area of government policy and the everyday lives of British people'. The UK:

*'...will further strengthen our national security protections in those areas where the actions of the CCP pose a threat to our people, prosperity and security.'*¹⁸

18 HM Government (2023) *Integrated Review Refresh 2023: Responding to a more contested and volatile world*. Available at: assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf (Accessed: 20 August 2024).

In an ideal CCP world, they would look to the UK for:

- Being an open economy able to act as a showcase for establishing China as a world leader in important industries such as nuclear energy, green energy, telecoms, and high-speed rail. To obtain British cooperation would aid Chinese attempts to sell more in other developed economies.
- Access to British innovation, science and technology research. The China-UK Joint Strategy for Science, Technology and Innovation Cooperation:

*'...is the first bilateral science and innovation cooperation strategy which China has jointly formulated with another country... The Chinese government attaches great importance to China-UK cooperation in science and innovation.'*¹⁹

- Maintaining easy access for Chinese investment, for which the UK has been the number one destination in Europe. China has appreciated the absence of restrictions. Since 2017, China has targeted its foreign investment more precisely, focusing on hi-tech areas which can advance its economic, commercial and military/security ambitions.
- Using cooperation with the City of London to develop financial expertise, including in green finance and legal, insurance and other related services (ultimately, the CCP aims to make Shenzhen and Shanghai the leading global financial centres, not London or New York).
- Using the City of London to promote greater use of the Chinese currency, and in the long-term the internationalisation of the renminbi, not least to negate the ability of the US to use the dollar against Chinese interests.
- Supporting China in maintaining an open, non-protectionist economic global governance system, not least in the WTO, as well as aiding – or not impeding – CCP aims for reform of other aspects of global governance or leadership.
- Providing expertise and experience for the Party to draw on for its reforms in urbanisation, health, and social security.

From a more negative perspective, the CCP, while recognising the UK's closeness to the US, would like to disrupt that relationship. As Liu Xiaoming, ex-Chinese Ambassador to the UK, put it:

*'It is our hope that the UK will stay independent in its foreign policy rather than dancing to the tune of the US. Great Britain cannot be "Great" without independent foreign policies.'*²⁰

There are also a raft of issues in which the CCP would like to prevent or inhibit the UK from taking positions or making statements which go against its interests. Prime among these are Taiwan, Hong Kong, the South China Sea and the presence of UK military forces in the region, Xinjiang and the treatment of the Uyghurs, Tibet, and human rights within China. The CCP is also keen to limit UK government actions which seek to curtail CCP attempts to control its own citizens within Britain; to restrict the freedom of Chinese media operations in the UK; to call out its espionage and cyber-attacks; and more generally to operate unfettered on British soil.

The CCP is also likely to be keen to ensure that the UK government is not too enthusiastic in implementing new laws such as the National Security and Investment Act 2021, the National Security Act 2023 and the Procurement Act 2023, the effect of which could be to impose much stricter limitations in areas such as obtaining new technologies, participating in scientific research with dual civil-military or surveillance/repression uses, or ensuring that Chinese technologies and companies have a large role in UK critical national infrastructure with all the leverage that obtaining massive data flows and the power to degrade or switch off critical systems that this would give.

19 Ministry of Science and Technology of the People's Republic of China. *China-UK Science and Innovation Cooperation Opens a New Chapter*. Available at: en.safea.gov.cn/pressroom/201802/t20180228_138278.htm (Accessed: 20 August 2024).

20 *Global Times* (2020) "Great Britain' cannot be 'Great' without independent policies toward China: Chinese envoy", 16 August. Available at: www.globaltimes.cn/content/1197901.shtml (Accessed: 20 August 2024).

Conclusion

As things stand, the CCP appears to be in a holding pattern in its treatment of the UK, mixing threatening noises with encouragements towards a position which better fits its ambitions. If or when it appears that the new government will not bend to its will, then the gloves will come off.

But the new government will have to deal with a China whose intentions are increasingly clear. Among the most predictable are: continued efforts to build an alternative world order in which China is central and is supported by the 'Global South'; a deep antipathy to the US and its allies, attribution of blame to the US for China's and the world's problems, and efforts by the CCP to decouple and remove dependencies wherever it can (a trend echoed by the US and its allies); no let-up in support for Russia, based upon a shared suspicion of the US, energy needs and a desire to establish the Chinese yuan as an alternative global currency to the dollar; no invasion or complete blockade of Taiwan, but rising tension both there and in the South China Sea; and continued attempts to get hold of new technologies – by hook or by crook – coupled with a determination to dominate the new industries stemming from those technologies as a way of gaining leverage over other countries in the future.

Science and technology are likely to be crucial battlegrounds, rather than an area of cooperation, as in the past. This is already evident in terms of Huawei, TikTok, DJI drones and cellular (Internet of Things) modules. Economic systems will have to adapt, putting limits on the openness of markets. Whether this is called 'de-risking' or 'decoupling' is in substance, if not in diplomacy, irrelevant. It will have to be implemented – it is already – even if divergence between China and free countries cannot go as far as either side might wish: many mutual dependencies cannot be untangled. The UK will also need to rediscover the sort of security culture it had during the Cold War with the USSR, and apply it to CCP interference, espionage and undermining of politics, society and values. In the wider world, the UK will also have to defend, reinforce and adapt current global governance structures, even though that will impinge upon past procedures, habits and values. The alternative is to align with Chinese interests and values, not a pleasant prospect for any free and open country.

Recommendations

Subsequent chapters include more sector-specific recommendations. This chapter has tried to set down the overall picture of what China is aiming at and how, both globally and in respect of the UK. Thus, recommendations at this stage are limited to suggestions on how the government might ensure that it has a better understanding of the challenges coming from China. More specific consideration of, for example, how to cooperate in and protect science and technology, how to combat interference, and Taiwan policy, can be found in the other relevant chapters.

- **The need for a strategy.** In his treatise *The Art of War*, the Chinese strategist Sun Tzu said that: 'Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.' The UK government has strategies for many areas, but, surprisingly, not for one of the most important, China. Without an agreed, clear strategy it is difficult for government departments, business, academia and our allies to act in closer harmony.
- **Getting government structures right.** The implementation of a strategy requires better coordination across departments. A China 'tsar' might be needed to ensure coordination across departments, who would report to the National Security Council and which should focus more on China than it does at present.
- **More government research on China.** Understanding of China among officials is insufficient. Government needs to work more closely with centres of China expertise in the UK and Europe, commissioning relevant research and supplying more financial support for think tanks and universities to research areas of interest relevant to a UK China strategy. Although the government has set up an open-source intelligence centre, it may need to continue on a bigger scale its commissioning of work by private companies, which often have far greater Mandarin language and internet navigation capabilities.

- **Greater resources should be devoted to promoting the 'China literacy' of officials.** Government and Parliament should increase their knowledge of the nature of the CCP and its aims through greater exchanges with academics, think tanks and business. The work of the Great Britain China Centre and other organisations in providing training on China should be further supported.
- **Career incentive structures** should be aligned to encourage officials to build and retain an experience of China. Officials should stay longer in particular jobs. Secondments from outside government should be encouraged (and the costs of vetting accepted, delays cut). More staff from ministries other than the Foreign, Commonwealth and Development Office should be encouraged to serve in UK missions in China.
- **Raising awareness in Edinburgh, Cardiff, and Belfast, and in Manchester** (where the PRC has a consulate). The CCP likes to influence and work with local governments, which are often less well-informed than the central government, as a way of getting round restrictions or oversight.

Trading and Investing with China while Protecting Ourselves

Andrew Cainey

China, taking mainland China and Hong Kong together, is the UK's fourth-largest trading partner, behind the US, Germany and the Netherlands. This is down from third place in 2022, reflecting a significant fall in both exports and imports.²¹ We are also at a time when China is viewed primarily as an economic, technological, security and diplomatic challenge – in turn a marked shift from China's so-called 'Golden Era' status as preferred economic partner.²² The benefits of continued, even enhanced, economic engagement are significant. So too are the risks and dependencies that such engagement can generate.

Crafting policy that furthers *all* British interests – those of economics, security, and values – is hard. New technologies and the shifting policy choices of our allies and of China call for novel and adaptive policy responses. Action is necessary in six areas:

- Conduct a comprehensive audit of the benefits and risks of trade and investment relations with China on a sector-by-sector basis, paying attention to distinct risk categories;
- Formulate detailed, data-driven policy measures that address rapidly the most critical risks at manageable cost and create further options for the future;
- In low-risk sectors, champion British business interests actively and consistently, and expand regular high-level dialogue with China;
- Enhance government capabilities to decide, implement, and adapt policy through better information, increased resourcing, streamlined processes, greater engagement with the private sector, and improved oversight;
- Communicate and explain clearly and repeatedly the policy choices made so as to provide guidance to others who also have China-related decisions to make;
- Once set, pursue policy with full confidence that it furthers British interests in economics, security, and values.

The benefits of trade and investment with China

Economic relations with China bring significant benefits for the British economy that are not easily replaced. In 2023, China²³ was the UK's fourth-largest trading partner, accounting for 6.5 per cent of total trade, 5.4 per cent of exports, and 7.6 per cent of imports. Total UK exports of £47.2 billion and imports of £68.6 billion resulted in an overall trade deficit of £21.4 billion.^{24 25} Total trade volume was 18 per cent down on the previous year, with both exports and imports affected. The total also masks big differences; in 2023, the UK ran a £34.4 billion goods trade deficit with mainland China, offset partially by a £7.1 billion services trade surplus, while enjoying an £5.9 billion surplus in overall trade with Hong Kong.

21 Department for Business and Trade (2024) *UK trade in numbers (web version)*. Available at: www.gov.uk/government/statistics/uk-trade-in-numbers/uk-trade-in-numbers-web-version#uk-trade-summary-statistics (Accessed: 20 August 2024).

22 Bland, B. et al (2024) *Transatlantic China Policy: In Search of an Endgame*. Available at: static.rusi.org/transatlantic-china-policy-in-search-of-an-endgame.pdf (Accessed: 20 August 2024).

23 People's Republic of China, data combining the separate customs territories of mainland China and Hong Kong.

24 Department for Business and Trade (2024) *Trade and Investment Factsheets: China*. Available at: assets.publishing.service.gov.uk/media/66447e154f29e1d07fadc7a4/china-trade-and-investment-factsheet-2024-05-17.pdf (Accessed: 20 August 2024).

25 Department for Business and Trade (2024) *Trade and Investment Factsheets: Hong Kong SAR*. Available at: assets.publishing.service.gov.uk/media/664480464f29e1d07fadc7b2/hong-kong-sar-trade-and-investment-factsheet-2024-05-17.pdf (Accessed: 20 August 2024).

High imports reflect competitive Chinese products that consumers and businesses choose to buy over alternatives. Prices are therefore lower than they would otherwise be. Goods and service exports to China account for around 120,000 British jobs.²⁶ China's market size, its manufacturing capabilities, and increasing innovation and talent pools make it an important market for many UK-based multinationals. Nonetheless, in 2021 mainland China accounted for only 0.6 per cent of the stock of British overseas investment, with Hong Kong accounting for 4.4 per cent. Similarly, Chinese investment in the UK has attracted much attention but remains small: in 2021 China in total accounted only for 1.1 per cent of foreign investment stock in the UK, of which mainland China was 0.3 per cent and Hong Kong 0.8 per cent.^{27 28 29} More important than numbers however, China's increasing innovation capabilities mean that technology transfer and research cooperation now flow both ways. This calls for a sector-specific approach to both benefits and risks.

The size of the UK trade deficit with China is eye-catching. The bilateral balance itself is however less a direct concern; the UK's overall trade balance, shaped in large part by macroeconomic policy, matters more, whilst the deficit with the European Union is much larger, at £109 billion.³⁰

The opportunity to increase British exports to China remains sizeable and important. This is mainly a task for business. But active and consistent government support plays a critical role in ensuring, for example, fairer market access in China. Regular economic dialogues with China have proven useful in the past. Other countries do a better job here and the British government needs to do more. Uncertainty over the government's stance on China also holds business back.

Business with China, however, is more than 'just business':³¹ Matters of security, risk, and values loom large. How large depends on the specifics of individual products and investment transactions, and on the assessment of China's intent in the short- and medium-term. As such, the balance and composition of both trade and investment flows demand greater investigation and action.

Protecting ourselves

Risk assessment must form an integral part of trade and investment policy with China. This enables policy decisions to avoid or mitigate key risks whilst also capturing the economic benefits. Analysis must be grounded in facts and 'reasonable worst case' scenarios from a security perspective. The danger otherwise is that everything is deemed a security risk, used as an excuse for vested interests and protectionism that harm consumer interests.³² Risks can be categorised under five headings:

- *Dependence on China* that creates the potential for Chinese coercion, leads to difficulties accessing supplies at critical moments and imposes real or perceived constraints on British policy decisions;
- *Heightened exposure* to Chinese cyberattacks, data collection, and espionage;
- *Increased military security risk* where Chinese acquisition of British technologies leads to stronger Chinese military capabilities;
- *Unfair or unbalanced commercial relations* resulting from China's industrial policies which undermine the development of British industry;
- *Compromising of British values* through acceptance, for commercial reasons, of restrictions on freedom of speech, the use of forced labour in supply chains, and other human rights abuses.

26 China-Britain Business Council (2024) *Key facts about UK-China Relations*. Available at: www.cbcc.org/sites/default/files/2024-02/CBBC%20One%20Page%20Fact%20Sheet%20-%2026th%20February%202024.pdf (Accessed: 20 August 2024).

27 Department for Business and Trade (2024) *Trade and Investment Factsheets: China*. Available at: assets.publishing.service.gov.uk/media/65f98325703c42001a58ef26/china-trade-and-investment-factsheet-2024-03-21.pdf (Accessed: 20 August 2024).

28 Department for Business and Trade (2024) *Trade and Investment Factsheets: Hong Kong SAR*. Available at: assets.publishing.service.gov.uk/media/65f975ebaa9b7600dfbda58/hong-kong-sar-trade-and-investment-factsheet-2024-03-21.pdf (Accessed: 20 August 2024).

29 This reflects too Hong Kong's role as China's offshore financial centre where asset ownership is often registered.

30 Department for Business and Trade (2024) *UK trade in numbers (web version)*. Available at: www.gov.uk/government/statistics/uk-trade-in-numbers/uk-trade-in-numbers-web-version#uk-trade-summary-statistics (Accessed: 20 August 2024).

31 Caine, A. and Nouwens, V. (2020) *More Than Just Business: The Political Context of the UK-China Commercial Relationship*. Available at: www.rusi.org/explore-our-research/publications/rusi-newsbrief/more-just-business-political-context-uk-china-commercial-relationship (Accessed: 20 August 2024).

32 Leggett, T. (2023) *Chinese garlic is a national security risk, says US senator*. Available at: www.bbc.co.uk/news/business-67662779 (Accessed: 20 August 2024).

These risks apply potentially to commercial relations with any country; the UK Government's overall approach is appropriately actor-agnostic. However, China's leading position in global manufacturing; its increasing technological sophistication; and its track record of threatening and using trade as a means of coercive diplomacy all make a focus on China particularly relevant. Government has made progress on the five risk areas, though more remains to be done. In particular, analysis needs to lead to action – and the context for action keeps changing. There are new challenges from the increasing importance of data, software and – increasingly – artificial intelligence (AI) algorithms in economic activity and trade with China. And the policies of both China and our allies in this area continue to evolve.

In terms of *dependency risk*, the potential exposure appears large. Economic relations with China will continue to be important, yet any relation is susceptible to coercive use. However, this is less concerning than it seems. China's historic actions have often had limited impact: China's bark can be worse than its bite.³³ Whether coercion works is ultimately determined by how the affected country responds; actions against Australia and Lithuania stiffened rather than weakened government resolve.

The greater risk is that, at times of heightened tension or conflict, China simply cuts off critical supplies or the UK wants to impose economic sanctions on China. This puts a premium on creating alternative sources for critical goods. Accordingly, many large companies are already diversifying manufacturing away from China. Ultimately, however, companies are optimising global sourcing networks for profit rather than meeting the needs of the UK. Choosing a non-Chinese supplier for non-commercial reasons comes at a cost, at least until other competitive options develop. Governmental budgetary pressures therefore necessitate a focus on the highest-priority, most exposed sectors and products. Defence, other security institutions, and key aspects of critical national infrastructure all stand out. Government needs to determine which areas justify increased expenditure from a security perspective. Trade, investment, and development assistance policy should also support the diversification of sourcing options and export markets for British business.

The risk of *heightened exposure to cyberattacks, large-scale data collection and espionage* is more immediately concerning. The US and UK have made clear public statements on Chinese activity in these areas and the need for enhanced cybersecurity.^{34 35 36} In considering trade and investment, the critical question is whether and where the use of Chinese hardware or software increases these risks. This is all the more urgent as 'everything' becomes connected to the Internet of Things through cellular internet modules (CIMs), and Chinese CIMs gain an increasing market share.³⁷

The *prima facie* case is that it does; that Huawei 5G poses a greater risk than Ericsson, and that Chinese electric vehicles (EVs) are more susceptible to Chinese remote access and control than are Tesla's. In the 5G case, however, the matter was not so straightforward.³⁸ As a matter of urgency, government needs to assess these risks rigorously and determine how best to address them, while aiming to preserve economic benefits where Chinese companies offer superior products. This may mean mandating the use of non-Chinese CIMs in Chinese EVs sold in the UK, or imposing and enforcing strict data localisation requirements so that all data remains in the UK, subject to UK law. China has adopted a similar approach for Tesla's China business. Legacy installations of at-risk equipment (for example, surveillance cameras) also need to be addressed in priority areas. The UK

33 Parton, C. (2021) *Empty threats? Policymaking amidst Chinese pressure*. Available at: www.geostrategy.org.uk/app/uploads/2021/07/Report-SBIR01-07072021.pdf (Accessed: 20 August 2024).

34 Nakashima, E. (2015) 'Hacks of OPM databases compromised 22.1 million people, federal authorities say', *Washington Post*, 9 July. Available at: [washingtonpost.com/news/federal-eye/wp/2015/07/09/hack-of-security-clearance-system-affected-21-5-million-people-federal-authorities-say/](http://www.washingtonpost.com/news/federal-eye/wp/2015/07/09/hack-of-security-clearance-system-affected-21-5-million-people-federal-authorities-say/) (Accessed: 20 August 2024).

35 CISA (2024) *PRC State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure*. Available at: www.cisa.gov/news-events/cybersecurity-advisories/aa24-038a (Accessed: 20 August 2024).

36 National Cyber Security Centre (2024) *UK calls out China state-affiliated actors for malicious cyber targeting of UK democratic institutions and parliamentarians*. Available at: www.ncsc.gov.uk/news/china-state-affiliated-actors-target-uk-democratic-institutions-parliamentarians (Accessed: 20 August 2024).

37 Parton, C. (2024) *Chinese cellular (IoT) modules: Countering the threat*. Available at: www.geostrategy.org.uk/research/chinese-cellular-iot-modules-counter-ing-the-threat (Accessed: 20 August 2024).

38 Willett, M. (2020) *UK, Huawei and 5G: six myths debunked*. Available at: www.iiss.org/online-analysis/online-analysis/2020/01/csfc-uk-huawei-and-5g-six-myths-debunked (Accessed: 20 August 2024).

should draw on the current extensive US efforts exploring how best to regulate ‘connected vehicles’.³⁹ Recently highlighted weaknesses in how the UK manages cross-border data transfers also need to be addressed.⁴⁰

Situations where economic engagement results in *increased military security risk* are somewhat more straightforward, though still complicated by the growth of ‘dual-use’ technologies (for example, in AI). The National Security & Investment Act established the structures and process to review foreign acquisitions of interest. Better implementation is needed. There is also a need to review where export controls on critical technologies need to be expanded or tightened. Assessment needs to be rapid yet rigorous; take an appropriately broad definition of ‘dual-use’ in cases where military applications may not be obvious; and to adjust scope continually, accounting for new technological and defence industrial developments.

The broader risk to the UK’s industrial base of *unfair or unbalanced commercial relations* is more complicated. In sectors from solar panels and batteries to steel and electric vehicles, China now offers products at higher quality and dramatically lower cost – the result of a mix of subsidies, other policy support, and the competitive efforts of Chinese companies in China’s massive home market. While consumers – and the UK’s green energy transition in particular – benefit from Chinese imports, British companies struggle to compete as producers. Blocking foreign acquisitions or just imposing tariffs in clear cases of dumping does little to make British companies competitive. It is no substitute for an overall industrial strategy. A holistic assessment is therefore needed to address risks and strengthen the UK’s overall position. Once complete, Chinese investment in the UK may play an important role in certain sectors, especially related to the green energy transition. China’s Envision AESC is the UK’s only EV battery maker, and discussions about additional plants mostly mention Chinese companies.

Finally, economic engagement with China risks *compromising British values*. For some, any trade with China is problematic, whether for China’s actions in Hong Kong, Xinjiang, or China as a whole. While individuals will decide for themselves, complete disengagement is not feasible. Protecting our standards and values at home in the UK should however be non-negotiable. Government has a central role to play in defining and enforcing what is acceptable. It should state this more clearly. For example, universities find themselves needing to defend academic freedom of speech while maintaining their appeal to the Chinese students who provide much of their income. Government can help stiffen resolve and remove institutional discretion by linking state funding clearly to freedom of speech and other British values.

In relation to matters in China, the principles remain clear, but the practicalities are more complicated. Banning the import of goods produced by forced labour is straightforward. Determining which goods are affected with what degree of required proof is not. Again, US experience provides useful guidance, with import bans applied against specific companies⁴¹ and the onus placed on companies to prove an absence of forced labour,⁴² despite Chinese restrictions on the ability to do this.

Making it all work

This government needs to formulate specific policy measures for trade and investment relations across many diverse sectors. This means integrating considerations of economic, security, and values, and weighing costs against benefits over different time horizons. Above all this means enhancing cross-government organisational capability, integrating different types of expertise. Engaging more with the private sector is also key.⁴³ It requires

39 U.S. Department of Commerce (2024) *Citing National Security Concerns, Biden-Harris Administration Announces Inquiry into Connected Vehicles*. Available at: www.commerce.gov/news/press-releases/2024/02/citing-national-security-concerns-biden-harris-administration-announces (Accessed: 20 August 2024).

40 Bethell, J. (2024) *Stop the personal data tsunami sweeping our intimate secrets to unsafe countries*. Available at: www.linkedin.com/pulse/stop-personal-data-tsunami-sweeping-our-intimate-secrets-bethell-xoxcc/?trk=public_post (Accessed: 20 August 2024).

41 Uyghur Human Rights Project (2024) *U.S. Sanctions Tracker*. Available at: uhrp.org/sanctions-tracker (Accessed: 20 August 2024).

42 Congress. *H.R.1155 - Uyghur Forced Labor Prevention Act*. Available at: [www.congress.gov/bill/117th-congress/house-bill/1155/text](https://www.congress.gov/bills/117/congress/house-bill/1155/text) (Accessed: 20 August 2024).

43 Cabinet Office et al. (2023) *Deputy Prime Minister and Business Secretary join business leaders for “first of its kind” declassified economic security briefing*. Available at: www.gov.uk/government/news/deputy-prime-minister-and-business-secretary-join-business-leaders-for-first-of-its-kind-declassified-economic-security-briefing (Accessed: 20 August 2024).

leadership, management, and oversight across the whole-of-government at the highest levels and cannot be delegated.

Recent years have seen significant progress in bringing the security dimension into economic decisions. There is however still too much ambiguity and a lack of transparency about how decisions are made. Business needs better guidance. And in the public narrative, the focus on security now risks drowning out the also necessary narrative of economic prosperity and growth.

Enhanced organisational capabilities are the foundation. Also needed are four more C's: clarity, consistency, communication, and confidence.

Current structures and processes are a good starting point. But better data, higher levels of resourcing, streamlined processes, and improved oversight are also needed. A China audit of where things stand today makes sound strategic sense. What needs to follow are regular updates to assess what has been achieved; what has changed at home and abroad; and what adjustments are needed. Government should cast the net wide to bring in the expertise needed to make good decisions, to stay up-to-date, and to see where trends are heading. Sensible, non-bureaucratic processes are critical: there will always be a tension between thorough review to forestall threats and rapid decision-making that does not interfere unduly with commercial nimbleness. Developing more economic security experts means changes to hiring, people development and career paths. Government needs to build further engagement with the private sector, while recognising that there will at times be conflicts of interest in priorities. The critical role of China – and current questioning over the UK's 'China strategy' – mean that enhanced parliamentary scrutiny is merited. Where required for security reasons, this can be in closed session with redactions to published reports as needed.

All of this means increased budgets. Getting value from this increased spending requires a focus on *clarity and consistency*. The previous government's approach to China of 'Protect, Align, Engage' makes sense. But decision-makers in business and government need more clarity about what that means in very specific situations. Guidance should be the same, regardless of which government department is approached or how the question is phrased. Too often, the particular words chosen by those seeking guidance, the differing levels of expertise in the technologies under discussion, and the challenges of explaining security concerns to those without security clearance all make this difficult. Amendments from the previous government did however demonstrate progress in this area.⁴⁴

Much better *communication* is needed to all those in business and local and national government who make decisions with a China dimension. Government needs a consistent narrative that is uncompromising on security and values while positive on economic engagement once security risks are addressed. This needs to explain clearly why some areas that appear risky are in fact not – and vice versa. Without this, government policy will struggle to retain credibility.

Finally, there is a need for more *confidence*. After making clear choices on what best serves British interests, ministers and others need more confidence in implementing and communicating these choices. There is too often hesitancy both in advancing the interests of British companies *and* in addressing security matters for fear of triggering a negative reaction from China. Ministers can rightly be visible, assertive, and positive when going into bat for British companies doing business with China, just as the leaders of other countries do. Equally, where business with China poses unacceptable risk, ministers should not hesitate to say so.

44 Cabinet Office (2024) *National Security and Investment Act: guidance for the higher education and research-intensive sectors*. Available at: www.gov.uk/government/publications/national-security-and-investment-act-guidance-for-the-higher-education-and-research-intensive-sectors/national-security-and-investment-act-guidance-for-the-higher-education-and-research-intensive-sectors (Accessed: 20 August 2024).

Conclusion

Regardless of geopolitical tensions, economic relations with China are and will remain orders of magnitude greater than with the USSR during the Cold War. Companies and countries will 'de-risk' in their own ways. However, absent a breakdown in relations and sanctions following Chinese aggression in the Indo-Pacific, there will be no sudden rupture.

This leads to a strong dissonance, discomfort even, in policy and action. Government needs to capitalise on the clear benefits of trade and investment with China, while countering simultaneously cyberactivity and other hostile actions by China. Resolving this tension means applying the lens of the British national interest – economic prosperity, security and defence of our values. China is not shy in protecting its own security interests while promoting its commercial interests aggressively. For the US too, according to Commerce Secretary Raimondo in Beijing in 2023, 'trade can flourish outside products with national security implications' and '99 per cent of trade between [our] two countries is unrelated to export controls'.⁴⁵ The UK needs to be better at promoting trade and investment with China *and* in identifying and addressing security risks that are all too real. Political leadership and better data, processes, and communication are the way to achieve this.

45 Shepardson, D. (2023) *Raimondo: crucial US, China have stable economic relationship*. Available at: www.reuters.com/markets/raimondo-crucial-us-china-have-stable-economic-relationship-2023-08-28 (Accessed: 20 August 2024).

Supply Chain Security is National Security: Lessons from Washington to London

Darren G. Spinck

Introduction

Since the People's Republic of China (PRC) joined the World Trade Organization (WTO) in 2001, Beijing has sought an unfair advantage over its trade partners through currency manipulation, subsidising state-owned enterprises (SEOs), forced technology transfers, 'dumping' of exports, intellectual property theft, and hacking.^{46 47 48 49 50 51} Despite the lofty expectations of the West's political leadership and financial institutions, China did not become a 'responsible stakeholder', and in fact 'capitalism did not change China,' as US Senator Marco Rubio noted.^{52 53} More accurately, it can be argued that indeed 'China changed capitalism.'

This author and Dr Robert Seely stated in an October 2022 report that 'the United Kingdom and its transatlantic trading partners hoped normalized trade relations with China would lead to greater market access and job growth'.⁵⁴ Instead, China's economic rise and the UK's overdependence on inexpensive Chinese imports led to imbalanced trade, with a crippling £39.1 billion trade deficit between the UK and China in the four fiscal quarters through Q3 2022.⁵⁵ The deficit lowered to £33.6 billion for the year leading up to Q3 2023, during the period which then Prime Minister Rishi Sunak supported 'de-risking' from the PRC and acknowledged China presented the 'biggest challenge of our age to global security and policy'.^{56 57} For the United States, the UK's largest trading partner, one-sided trade with China led to the loss of 3.7 million US manufacturing jobs.⁵⁸ US states Michigan, Ohio, and Arkansas, lost 24, 27, and 26 per cent of all manufacturing jobs, respectively, since China's WTO accession in 2001.⁵⁹ Blue collar jobs vanished, while China flourished.⁶⁰

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- 46 U.S. Department of the Treasury (2019) *Treasury Designates China as a Currency Manipulator*. Available at: [home.treasury.gov/news/press-releases/sm751](https://www.treasury.gov/news/press-releases/sm751) (Accessed:20 August 2024).
- 47 Garver, R. (2022) Report: China Spends Billions of Dollars to Subsidize Favored Companies. Available at: www.voanews.com/a/report-china-spends-billions-of-dollars-to-subsidize-favored-companies-/6587314.html (Accessed:20 August 2024).
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- 49 Sevastopulo, D. and White, E. (2024) 'US Warns China against Dumping Goods on Global Markets'. *Financial Times*, 19 February. Available at: www.ft.com/content/96dc71be-b795-47dc-afcc-cccc7aa6a481 (Accessed:20 August 2024).
- 50 Zumbun, J. (2021) 'U.S. Says China Must Do More to Protect Intellectual Property', *The Wall Street Journal*, 30 April. Available at: www.wsj.com/articles/u-s-says-china-must-do-more-to-protect-intellectual-property-11619794859 (Accessed:20 August 2024).
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- 52 Zoellick, R. (2005) *Wither China? From Membership to Responsibility*. Available at: www.ncuscr.org/wp-content/uploads/2020/04/migration_Zoellick_remarks_notes06_winter_spring.pdf (Accessed:20 August 2024).
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- 55 Department for Business and Trade (2024) *Trade and Investments Factsheets: China*. Available at: assets.publishing.service.gov.uk/media/66a9f978f-c8e12ac3edb07b5/china-trade-and-investment-factsheet-2024-08-02.pdf (Accessed: 20 August 2024).
- 56 'Trade and Investments Factsheet: China.'
- 57 Sorgi, G. (2023) *Sunak Ranks China as Top Challenge to Global Security*. Available at: www.politico.eu/article/britain-prime-minister-rishi-sunak-ranks-china-top-threat-global-security-g7-summit (Accessed: 20 August 2024).
- 58 Scott, R.E. and Mokhiber, Z. (2020) *Growing China trade deficit cost 3.7 million American jobs between 2001 and 2018*. Available at: www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs (Accessed: 21 August 2024).
- 59 Cotton, T. (2021) *China's Entrance into the WTO Was 'Disaster' for the American Economy*. Available at: www.cotton.senate.gov/news/speeches/chinas-entrance-into-the-wto-was-disaster-for-the-american-economy (Accessed: 21 August 2024).
- 60 Jones, A. (2023) 'Nearly 200,000 manufacturing jobs lost since 2010, research suggests', *The Independent*, 8 June. Available at: www.independent.co.uk/business/nearly-200-000-manufacturing-jobs-lost-since-2010-research-suggests-b2353827.html (Accessed: 21 August 2024).

By reshaping trade to suit its own interests, and by not working within the established rules of the international trade system, which policymakers naively believed that the Chinese Communist Party (CCP) would abide by, Beijing has also weaponised PRC-controlled global supply chains.

Through infrastructure development financed via the Belt and Road Initiative (BRI), the PRC ‘dumps its excess capacity on the world.’⁶¹ Recently, the US Under secretary of the Treasury for International Affairs has voiced concern that China’s overcapacity will impact global markets, as the PRC’s economic policies overfocus on supply, rather than ‘where the demand will come from.’⁶² Policies enacted under the PRC’s Dual Circulation economic model, which favors ‘self-developed, controllable’ supply chains, has led to Beijing de-risking China’s economy from the West, limiting reliance on foreign imports.⁶³ Accordingly, UK exports to China declined 29.7 per cent in 2023 partially as a result of this Chinese strategy.⁶⁴

Overreliance on PRC-controlled supply chains also threatens UK economic security, as the Covid-19 pandemic demonstrated. The CCP’s draconian Zero-Covid policies led to significant supply chain delays, with 86 per cent of American Chamber of Commerce member companies stating supply chains were disrupted.⁶⁵ In 2022, freight costs from China increased 12-fold from 2020.⁶⁶ Supply chain disruptions such as these inevitably lead to inflationary pressures, inflating cost of living crises.^{67 68}

China inflaming tensions with Taiwan would further devastate global supply chains, as nearly half of all global container ships traversed the Taiwan Strait in 2022.⁶⁹ The PRC’s abysmal human rights record, including reports of forced labour in Xinjiang, has also led to supply chain distortions. US laws enacted to restrict exports from the region begat CCP retaliation against trading partners who criticise PRC policies. As noted by a former US national security director for Asian affairs, these are:

‘...countries that interact with Taiwan, support democracy in Hong Kong, oppose genocide in Xinjiang or ‘offend’ any core interests of China face discriminatory, non-WTO conforming sanctions and embargoes.’⁷⁰

Despite clear warning signs over continuing dependencies on PRC-controlled supply chains, some UK policymakers appear reticent about decoupling from China. For instance, the Labour party’s pledge to continue cooperation with China on Net Zero policies could allow the CCP to maintain leverage over the Keir Starmer Government’s policymaking.⁷¹ Whilst in the US, the Biden Administration’s Customs and Border Patrol struggled with enforcement of the Uyghur Forced Labor Prevention Act, as the White House was advancing solar panel initiatives dependent on Chinese supply chains.^{72 73} PRC solar panel manufacturers, which were believed to

61 Clark, N. (2023) *The Rise and Fall of the BRI*. Available at: www.cfr.org/blog/rise-and-fall-bri (Accessed: 21 August 2024).

62 Sevastopulo, D. and White, E. (2024) ‘US Warns China against Dumping Goods on Global Markets’, *Financial Times*, 19 February. Available at: www.ft.com/content/96dc71be-b795-47dc-afcc-cccc7aa6a481 (Accessed: 21 August 2024).

63 *The Economist* (2020) ‘China’s ‘Dual-Circulation’ Strategy Means Relying Less on Foreigners’. Available at: www.economist.com/china/2020/11/05/chinas-du-al-circulation-strategy-means-relying-less-on-foreigners. (Accessed: 21 August 2024).

64 ‘Trade and Investments Factsheet: China.’

65 Flannery, R. (2022) ‘China Covid-19 Outbreak Disrupting Supply Chains, Manufacturing, Investment, Staffing — AmCham Survey’, *Forbes*, 14 April. Available at: www.forbes.com/sites/russellflannery/2022/04/03/china-covid-19-outbreak-disrupting-supply-chains-manufacturing-investment-staffing---amcham-survey (Accessed: 21 August 2024).

66 Bradsher, K. (2022) ‘China’s Covid Lockdowns Set to Further Disrupt Global Supply Chains.’ *The New York Times*, 15 March. Available at: www.nytimes.com/2022/03/15/business/covid-china-economy.html. (Accessed: 21 August 2024).

67 Liu, Z. and Nguyen, T.L. (2023) *Global Supply Chain Pressures and U.S. Inflation*. Available at: www.frbsf.org/research-and-insights/publications/economic-letter/2023/06/global-supply-chain-pressures-and-us-inflation/#:~:text=Our%20evidence%20suggests%20that%20an,public's%20expectations%20for%20higher%20prices. (Accessed: 21 August 2024).

68 House of Commons Library. *Cost of living and inflation*. Available at: commonslibrary.parliament.uk/cost-of-living-and-inflation (Accessed: 21 August 2024).

69 Varley, K. (2022) *Taiwan Tensions Raise Risks in One of Busiest Shipping Lanes*. Available at: www.bloomberg.com/news/articles/2022-08-02/taiwan-tensions-raise-risks-in-one-of-busiest-shipping-lanes. (Accessed: 21 August 2024).

70 Cha, V. (2023) *Statement before the House of Committee on Rules: “Examining China’s Coercive Economic Tactics.”* Available at: [csis-website-prod.s3.amazonaws.com/s3fs-public/2023-05/ts230510_Cha_China_Coercive.pdf?VersionId=55FjA5xYfVuCwSdw54yhgPq7hflORcCl](https://www.csis-website-prod.s3.amazonaws.com/s3fs-public/2023-05/ts230510_Cha_China_Coercive.pdf?VersionId=55FjA5xYfVuCwSdw54yhgPq7hflORcCl) (Accessed: 21 August 2024).

71 Shin, F. (2024) *After 14 years in opposition, what might a Labour foreign policy look like?* Available at: www.atlanticcouncil.org/blogs/new-atlanticist/labour-party-foreign-policy (Accessed: 21 August 2024).

72 Appel, A. (2022) *U.S. law to stop Uyghur forced labor remains compliance challenge*. Available at: www.complianceweek.com/regulatory-policy/us-law-to-stop-uyghur-forced-labor-remains-compliance-challenge/32415.article (Accessed: 21 August 2024).

73 U.S. Department of Energy (2022) *Biden-Harris Administration Launches New Solar Initiatives to Lower Electricity Bills and Create Clean Energy Jobs*. Available at: www.energy.gov/articles/biden-harris-administration-launches-new-solar-initiatives-lower-electricity-bills-and (Accessed: 21 August 2024).

have used forced labor to source polysilicon, a material used in 95 per cent of solar panels and which 50 per cent of the global supply is produced in Xinjiang, were not blacklisted by Washington, leading to Congressional concerns over supply chain reliance – particularly by potentially subsidising Chinese human rights violations in Xinjiang.^{74 75}

Remaining overly reliant on China's supply chains, including rare earth elements needed for green energy technologies, places the United Kingdom, British citizens, and UK commercial entities at risk of CCP economic leverage to further malign PRC political interests. As noted in a House of Commons Foreign Affairs Select Committee report:

*'...the UK is almost completely dependent on imports for critical minerals and mineral products... [and] more concerning... will remain dependent primarily on China as the dominant global player in these supply chains.'*⁷⁶

Concerns are also rising in the UK and US about China's strategic acquisitions in the agriculture sector. While the *Economist* cavalierly stated that 'politicians are obsessed with mythical Chinese land grabs,' PRC control over large segments of livestock and farm products, or the UK allowing China to gain close proximity to sensitive government installations located near farmland purchases, threatens global food supply chains as well as national security.⁷⁷

Therefore, in order for the UK and its closest trading partners to mitigate against further risks associated with trade dependencies on China and the CCP's mercantilist-communist economic model, the UK could better reform its existing supply chain models. In particular, restricting PRC-linked purchases in the UK's agricultural sector, whilst diversifying away from China for rare earth elements, is absolutely critical. Working closer with AUKUS (the Australia-United Kingdom-United States trilateral security partnership) partners would help alleviate the UK's dependency on China for each of these, whilst also enhancing and diversifying its trade and investment portfolios with its Indo-Pacific partners.

UK supply chain resiliency

Securing supply chains is synonymous with national security. It requires mitigating risks related to existing commercial dependencies on the PRC and ensuring the CCP cannot influence supply chains in any single critical sector, such as agriculture or rare earths. Supply chains are more than the production and movement of goods from point A to point B, however. As the March 2024 Francis Scott Key Bridge collapse in Baltimore, USA demonstrated, resilient supply chains require that certain existing infrastructure is hardened to withstand attack or natural disasters. It also requires building infrastructure that best allows the UK and its closest partners to economically compete in a rapidly evolving geopolitical landscape.

The term 'private investment' was used only twice in the Rishi Sunak Government's 43-page report 'Critical Imports and Supply Chains Strategy'; once related to UK climate policy through its Green Industries Growth Accelerator, and again, in reference to public/private investments in the UK's life sciences sector.⁷⁸ There was

74 U.S. Department of Labor (2020) *Traced to Forced Labor: Solar Supply Chains Dependent on Polysilicon from Xinjiang*. Available at: www.dol.gov/sites/dolgov/files/ILAB/images/storyboards/solar/Solar.pdf (Accessed: 21 August 2024).

75 U.S. Representative Mike Gallagher. "Gallagher Rubio Warn Biden Admin. Against Subsidizing China's Human Rights Abuses." December 5, 2022. [gallagher.house.gov/media/press-releases/gallagher-rubio-warn-biden-admin-against-subsidizing-chinas-human-rights](https://www.wispolitics.com/2022/rep-gallagher-and-sen-rubio-warn-biden-admin-against-subsidizing-chinas-human-rights-abuses). WIS Politics (2022) *U.S. Rep. Gallagher and Sen. Rubio: Warn Biden Admin. against subsidizing China's human rights abuses*. Available at: www.wispolitics.com/2022/rep-gallagher-and-sen-rubio-warn-biden-admin-against-subsidizing-chinas-human-rights-abuses (Accessed: 3 September 2024).

76 House of Commons Foreign Affairs Committee (2023) *A rock and a hard place: building critical mineral resilience*. Available at: committees.parliament.uk/publications/42569/documents/211673/default (Accessed: 21 August 2024).

77 *The Economist* (2024) 'Why Politicians Are Obsessed with Mythical Chinese Land Grabs', 22 January. Available at: www.economist.com/unit-ed-states/2024/01/22/why-politicians-are-obsessed-with-mythical-chinese-land-grabs (Accessed: 21 August 2024).

78 UK Government (2024) *Critical Imports and Supply Chains Strategy*. Available at: assets.publishing.service.gov.uk/media/65a6a1c1867cd800135ae971/critical-imports-and-supply-chains-strategy.pdf (Accessed: 21 August 2024).

no mention whatsoever of engaging with the private sector for development finance so that the UK and its partners can better compete with the CCP's cumulative \$1 trillion infrastructure investments through the BRI.⁷⁹

The British Government cannot spend its way toward supply chain resiliency. With the cost of living crisis gradually easing in the UK, policymakers can ill afford to rely on public sector financing for domestic and international infrastructure development finance, which could worsen inflationary pressures. British policymakers should therefore pursue four policy measures to better secure funding for resilient and ample supply chain infrastructure.

First, it is not necessary to reinvent the wheel when it comes to development finance for supply chain resiliency. The Government – both previous and current – often and unnecessarily prioritises 'government-backed funding' over private sector engagement and the January 2024 supply chain strategy fleetingly mentions the need for '[exploring] the case for further supply chain financing interventions for the UK's most critical supply chains.'⁸⁰ The solution already exists in the Blue Dot Network (BDN).⁸¹

In conjunction with the Organization for Economic Co-operation and Development (OECD), BDN certifies quality, sustainable, and resilient infrastructure projects and engages private sector investment for these initiatives. It promotes market-driven investments and the 'judicious use of public funds.'⁸² While ostensibly a platform for international infrastructure development finance, BDN should be used to secure supply chains in the UK and its closest trading partners.

Second, as the Government should limit excessive public spending during the UK's economic recovery, and since policymakers should take steps to ensure private investments from the UK do not strengthen China, restrictions are suggested, to limit outbound capital flows from the City of London to targeted PRC sectors. Less than two years ago, the Lord Mayor and the Chair of the City of London Corporation wrote that:

*'...the UK, with its concentration of 250 foreign banks, provides a global platform for multilateral development banks and private sector players to co-finance major BRI projects.'*⁸³

The UK's global financial centre should not fund CCP-led infrastructure initiatives, especially after the Government determined that Beijing was in non-compliance with the Sino-British Joint Declaration following the CCP crackdown on Hong Kong's autonomy and Parliament declared a genocide in Xinjiang.⁸⁴

Third, as previously noted by this author and Dr Seely, even a minimal investment from the UK's private pension funds would allow the private sector to compete with China's BRI.⁸⁵ A mere two per cent investment from the market value of the UK's private pension system in Q3 2023 – £741 billion – would equal 19.1 per cent of China's estimated \$92.4 billion 2023 BRI spending.^{86 87} According to a report, as pensions seek higher yields in alternative asset classes, total investments under management in infrastructure have increased to \$1 trillion since 2008. The UK should encourage its financial institutions to follow suit.⁸⁸

79 Wang, C. N. (2023) *China Belt and Road Initiative (BRI) Investment Report 2023*. Available at: greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023 (Accessed: 21 August 2024).

80 Ibid.

81 Goodman, M.P. (2020) *Connecting the Blue Dots*. Available at: www.csis.org/analysis/connecting-blue-dots (Accessed: 21 August 2024).

82 OECD (2022) *The Blue Dot Network: A proposal for a global certification framework for quality infrastructure investment*. Available at: [github.org/resources/publications/the-blue-dot-network-a-proposal-for-a-global-certification-framework-for-quality-infrastructure-investment](https://github.com/resources/publications/the-blue-dot-network-a-proposal-for-a-global-certification-framework-for-quality-infrastructure-investment) (Accessed: 3 September 2024).

83 City of London. *Greening the Belt and Road A UK-China collaboration*. Available at: www.cityoflondon.gov.uk/assets/Business/greening-the-belt-and-road-report.pdf (Accessed: 21 August 2024).

84 Olsen, R. (2021) 'U.K. Says China Breached Hong Kong Handover Treaty Yet Again', *Forbes*, 14 March. Available at: www.forbes.com/sites/robertolsen/2021/03/14/uk-says-china-breached-hong-kong-handover-treaty-for-third-time (Accessed: 21 August 2024).

85 Seely, R. and Spinck, D. (2022) *A New Era for UK Policymaking: An Economic Denial Strategy in the Indo-Pacific*. Available at: henryjacksonsociety.org/publications/53729-2 (Accessed: 21 August 2024).

86 ONS (2024) *Funded occupational pension schemes in the UK: April to September 2023*. Available at: www.ons.gov.uk/economy/investmentpension-sandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/apriltoseptember2023 (Accessed: 21 August 2024).

87 City of London. *Greening the Belt and Road A UK-China collaboration*. Available at: www.cityoflondon.gov.uk/assets/Business/greening-the-belt-and-road-report.pdf (Accessed: 21 August 2024).

88 Gara, A. (2024) 'Infrastructure: from investment backwater to a \$1tn asset class', *Financial Times*, 25 March. Available at: www.ft.com/content/fb0f710c-c1c1-47fd-a4be-0fafcf9050e (Accessed: 21 August 2024).

Fourth, total assets under management for global sovereign wealth funds (SWFs) now total \$11.3 trillion and, according to the World Economic Forum, are increasingly used for driving investments in infrastructure development finance.⁸⁹ Comprised of excess cash reserves, SWFs invested \$124.7 billion total in 2023, 18 per cent of which was development finance for infrastructure projects.^{90 91} Despite there now being an estimated 173 SWFs worldwide, Taiwan still resists launching one.⁹² As of February 2024, Taiwan's cash reserves now exceed \$569.42 billion, and are estimated to be sixth largest in the world.⁹³ Taiwan's central bank has rejected calls for using 10 per cent of its cash reserves for a SWF, arguing that the reserved funds are needed for imports should a crisis with China unfold.⁹⁴

However, as this author has noted previously, Taipei's excessive caution is unwarranted, as Taiwan could hold twice the International Monetary Fund's (IMF) suggested three-month reserve for imports, using its highest ever recorded import total of \$39.4 billion in February 2022 as a benchmark, and Taiwan's excess reserves would still exceed \$300 billion.⁹⁵ As Taiwan's ability to remain sovereign is largely dependent on support from the United Kingdom and its partners, UK policymakers should encourage Taipei to cooperate on development finance cooperation for regional infrastructure and supply chain resiliency initiatives. Such reciprocal collaboration will better allow London to allocate resources to help maintain a cross-Strait status quo.

Foreign investment restrictions in the UK agricultural sector

As noted by former US Representative Mike Gallagher, the CCP views food security as an 'existential issue'.⁹⁶ With a population of over 1.4 billion people and an increasingly middle-class population in urban areas, China's demand for imported agricultural products, meats, and edible oils has increased.⁹⁷ The PRC has a limited ability for food self-sufficiency, however, and became increasingly reliant on importing much of its agricultural and food goods.^{98 99} Realising the risks of this import dependency on the West, CCP policymakers subsequently determined de-risking was necessary, with grain security included in Beijing's 14th Five-Year Plan (2021-2025).¹⁰⁰ Even before CCP central planners sought increased domestic agricultural production, however, Beijing prioritised the purchase of farmland abroad, ranging from banana plantations in Myanmar to land for pork production in Vietnam.^{101 102}

The CCP's ability to control food supply chains outside of China and minimise the impact of global volatility not only lessens the PRC's exposure to global shocks but also provides an opportunity for Beijing to exert leverage

89 World Economic Forum (2023) *Sovereign wealth funds are playing an increasingly important role in global development*. Available at: www.weforum.org/agenda/2023/11/sovereign-wealth-funds-are-playing-an-increasingly-important-role-in-economies-everywhere (Accessed: 21 August 2024).

90 Zinn, D. (2019) *What Is a Sovereign Wealth Fund?* Available at: finance.yahoo.com/news/sovereign-wealth-fund-002531479.html?guccounter=1 (Accessed: 21 August 2024).

91 Global SWF (2024) *2024 Annual Report*. Available at: global-swf.s3.amazonaws.com/file-uploads/xQampm5YXa4Nx9lPrZCHqitEroWlwrKKE6YZNOi.pdf (Accessed: 21 August 2024).

92 U.S. Department of State (2023) *2023 Investment Climate Statements: Taiwan*. Available at: www.state.gov/reports/2023-investment-climate-statements/taiwan (Accessed: 21 August 2024).

93 Central Bank of the Republic of China (Taiwan) (2024) *Foreign Exchange Reserves as of the End of February 2024*. Available at: www.cbc.gov.tw/en/cp-448-167358-ce4dc-2.html (Accessed: 21 August 2024).

94 Hou, B. (2023) *Taiwan Vice Presidential Hopeful Calls for Sovereign Fund*. Available at: www.bloomberg.com/news/articles/2023-12-28/taiwan-vice-presidential-hopeful-calls-for-sovereign-wealth-fund (Accessed: 21 August 2024).

95 Spinck, D.G. (2024) *A vital partnership: How strengthened UK-Taiwan ties can help maintain stable cross-strait relations*. Available at: henryjacksonsociety.org/wp-content/uploads/2024/01/HJS-A-Vital-Partnership-%E2%80%93-Taiwan-Report-web.pdf (Accessed: 21 August 2024).

96 Gallagher, M. (2024) *House Agriculture Committee Testimony*. Available at: selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/3.20.24%20Ag%20Testimony_Final.pdf (Accessed: 21 August 2024).

97 Liu, Z.Z. (2023) *China Increasingly Relies on Imported Food. That's a Problem*. Available at: www.cfr.org/article/china-increasingly-relies-imported-food-thats-problem (Accessed: 21 August 2024).

98 China Power. *How is China Feeding its Population of 1.4 Billion?* Available at: chinapower.csis.org/china-food-security (Accessed: 21 August 2024).

99 Liu, Z.Z. (2023) *China Increasingly Relies on Imported Food. That's a Problem*. Available at: www.cfr.org/article/china-increasingly-relies-imported-food-thats-problem (Accessed: 21 August 2024).

100 Donnellon-May, G. and Wang, M. (2021) 'China's Evolving Food Security Strategy.' *The Diplomat*, 25 November. thediplomat.com/2021/11/chinas-evolving-food-security-strategy/. (Accessed: 21 August 2024).

101 Donnellon-May, G. (2023) *Why Food Security is a Top Priority for China*. Available at: asiasociety.org/australia/why-food-security-top-priority-china (Accessed: 21 August 2024).

102 Chiba, D. et al (2021) *Chinese companies corraling land around world*. Available at: asia.nikkei.com/Spotlight/Datawatch/Chinese-companies-corralling-land-around-world (Accessed: 21 August 2024).

– through the ownership of this agricultural land – over UK policymaking. China’s ownership control of farmland and/or livestock also enables the CCP to weaponise these critical agri-food supply chains during a geopolitical crisis. As the world experienced supply chain breakdowns during the Covid pandemic, CCP control of the agricultural sector during the next crisis could lead to potential food shortages.

In the United States, China owns approximately 384,000 acres of agricultural land, a miniscule 0.03 per cent of all American farmland.¹⁰³ While China’s ownership of US farmland only comprises one per cent of all foreign-owned agricultural land in the United States, it is the intent of how the agricultural land will be used and the quality, not just the quantity, of the purchases, which concerns US policymakers. Alarm bells started ringing in the UK a decade ago as well, when reports indicated foreign ownership of UK countryside property was driving up the price of farmland, making purchases by British citizens far less affordable.¹⁰⁴

In addition, the PRC has focused its control of international food supply chains outside the US and the UK. A report soon after Russia’s February 2022 reinvasion of Ukraine indicated that Chinese investors had purchased 10 per cent of Ukraine’s farmland, part of the PRC’s worldwide acquisition of 7 million hectares of farmland worldwide between 2011-2020.¹⁰⁵ Total international farmland acquisitions by the US and the UK during this period totaled 1.56 million and 860,000 hectares, respectively.¹⁰⁶ As an early prelude to what was to come, in 2014 China’s Shuanghui International purchased US-based Smithfield Foods, the world’s largest pork producer. Following the Chinese acquisition of Smithfield and the outbreak of a swine flu in 2019 which decreased the supply of pork worldwide, the company ‘retooled US processing operations to direct meat to China.’¹⁰⁷

Prior to a 2013 Committee on Foreign Investment in the United States (CFIUS) hearing to discuss national security concerns related to the Chinese acquisition of Smithfield, members of the US Senate Committee on Agriculture, Nutrition and Forestry suggested that any national security review of a foreign acquisition of any major agricultural or food company should include assurances that: (1) the ‘company will maintain operations that comply with stringent American food safety and biosecurity standards’, (2) ‘taxpayer supported research and development... are properly safeguarded,’ and (3) potential continued monitoring of ‘foreign acquisitions to ensure the ongoing integrity of key components of the American food supply.’¹⁰⁸ The Smithfield Foods case is a study in how national security concerns still remain, despite the Senate Committee’s attempts to highlight the need for greater regulatory scrutiny of foreign investments into the US.

Accordingly, the quantity, quality, but just as importantly the location of PRC land purchases should be reviewed by policymakers. China’s Fufeng Group purchased farmland only 12 miles from the Grand Forks Air Force Base.¹⁰⁹ The Assistant Secretary of the United States Air Force (USAF), Andrew Cramer, wrote:

‘...the Department [of the Air Force] view is unambiguous: the proposed [Fufeng Group] project presents a significant threat to national security with both near- and long-term risks of significant impact to our operations in the area.’¹¹⁰

103 Munch, D. (2023) *Foreign Investment in U.S. Ag Land – The Latest Numbers*. Available at: www.fb.org/market-intel/foreign-investment-in-u-s-ag-land-the-latest-numbers (Accessed: 21 August 2023).

104 Neate, R. (2014) ‘Wealthy foreigners buy up swaths of UK farmland and country estates’, *The Guardian*, 17 January. Available at: www.theguardian.com/business/2014/jan/17/foreigners-buy-uk-farmland-estates (Accessed: 21 August 2023).

105 Braw, E. (2022) ‘Why Does China Own So Much of Ukraine?’ *The Wall Street Journal*, 29 June. Available at: www.wsj.com/articles/why-does-china-own-so-much-ukraine-farming-land-exports-food-crisis-grow-wheat-production-sell-grain-territory-11656534819 (Accessed: 21 August 2023).

106 Ibid.

107 Polansek, T. (2019) *At Smithfield Foods’ slaughterhouse, China brings home U.S. bacon*. Available at: www.reuters.com/article/idUSKBN1XF0XB (Accessed: 21 August 2023).

108 United States Senate Committee on Agriculture, Nutrition, and Forestry (2013) *Letter to US Secretary of the Treasury Jacob J. Lew*. Available at: www.agriculture.senate.gov/imo/media/doc/0894_001.pdf (Accessed: 21 August 2024).

109 De Luce, D. (2023) *Foreign purchase of land near U.S. military bases would require government approval under proposed rule*. Available at: www.nbc-news.com/politics/national-security/foreign-china-buy-land-us-military-bases-require-government-approval-rcna83152 (Accessed: 21 August 2024).

110 Hunter, Assistant Secretary of the Department of the Air Force Andrew P (2023) *Letter to U.S. Senator John Hoeven*.

US states including Missouri, Virginia, and Florida responded to these strategic land acquisitions when the US federal government did not, passing legislation to regulate foreign purchases of farmland or property in close proximity to military installations and critical infrastructure.^{111 112 113}

Despite the inherent risks emanating from China's control over food supply chains, the UK and most of its partners have paid scant attention to these issues. Even in the US, recent Congressional testimony has demonstrated America's vulnerability to malign actors purchasing farmland due to workarounds in the existing US investment restriction law.¹¹⁴ In the UK, the National Security and Investment Act (NSI Act) does not currently mandate notification and review of foreign acquisitions and investments in the UK's agricultural sector.¹¹⁵

Meanwhile in the US, Congressional attempts to halt foreign investment into US natural resources was attempted by US Representatives Mark Green (R-TN) and Harriet Hageman (R-WY) when introducing the 'Protect America's Lands Act'.¹¹⁶ Designed to limit Natural Asset Companies (NACs) from listing their assets on the New York Stock Exchange, Congressman Green stated that:

*'NACs could end up being a backdoor for the Chinese Communist Party to control [America's] air, water, and energy.'*¹¹⁷ *These radical financial instruments would put our lands at risk.'*

A separate bill, The American Land and Property Protection Act, would prohibit targeted foreign land ownership of any US real estate.¹¹⁸

The UK government, in attempts to contemplate legislation designed to restrict or regulate foreign ownership of agricultural land, should consider three criteria. First, does ownership by a strategic competitor or adversarial state give a foreign entity inordinate control over livestock husbandry or the production of crops? Second, would ownership of agricultural land allow a competitor or adversary close proximity, through the purchase of the farmland, to military bases or other sensitive national security installations? Third, could foreign ownership of livestock and/or crops allow a foreign government or entity to lower safety or quality control standards, which could pose health risks to the British population?

AUKUS: Diversifying the UK's rare earth minerals needed for the defence sector

The PRC currently produces 60 per cent of the world's rare earths and processes 90 per cent of all mined elements, controlling both the global upstream and midstream stages of the sector.¹¹⁹ Rare earths are critical for use in the UK's defence industry, necessary components of downstream semiconductor and magnet manufacturing, and used in military technologies for everything from aircraft and unmanned aerial vehicles, to infrared absorbing glass, to missiles and smart bombs.^{120 121 122}

111 McCartney, M. *Missouri Bans Chinese Ownership of Sensitive Farmland*. Available at: www.newsweek.com/missouri-bans-china-entities-buying-farm-land-near-military-facilities-1857632 (Accessed: 21 August 2024).

112 Khalil, J. (2023) *Chinese firms, individuals own 14K acres of Virginia farmland: USDA*. Available at: www.vpm.org/news/2023-02-14/general-assembly-farm-land-china-youngkin (Accessed: 21 August 2024).

113 DeSantis, R. (2023) *Governor Ron DeSantis Cracks Down on Foreign Countries of Concern, Launches SecureFlorida for Property Registration*. Available at: www.flgov.com/2023/11/13/governor-ron-desantis-cracks-down-on-foreign-countries-of-concern-launches-secureflorida-for-property-registration (Accessed: 21 August 2024).

114 Representative Mike Gallagher Testimony before the U.S. House of Representatives Committee on Agriculture.

115 Cabinet Office (2021) *Check if you need to tell the government about an acquisition that could harm the UK's national security*. Available at: www.gov.uk/guidance/national-security-and-investment-act-guidance-on-acquisitions (Accessed: 21 August 2024).

116 Congress. *H. R. 7494*. Available at: www.congress.gov/118/bills/hr7494/BILLS-118hr7494ih.pdf (Accessed: 21 August 2024).

117 Green, M. (2024) *Reps. Green, Hageman Fight to Protect American Lands from Foreign Adversaries and the Green New Deal*. Available at: markgreen.house.gov/press-releases?id=43383E9F-7F92-49A6-8932-11B0DC3A16CA (Accessed: 21 August 2024).

118 Congress. *H. R. 7246*. Available at: www.congress.gov/118/bills/hr7246/BILLS-118hr7246ih.pdf (Accessed: 21 August 2024).

119 Baskaran, G. (2024) *What China's Ban on Rare Earths Processing Technology Exports Means*. Available at: www.csis.org/analysis/what-chinas-ban-rare-earth-processing-technology-exports-means (Accessed: 21 August 2024).

120 Lopez, C.T. (2024) *DOD Looks to Establish 'Mine-to-Magnet' Supply Chain for Rare Earth Materials*. Available at: www.defense.gov/News/News-Stories/Article/Article/3700059/dod-looks-to-establish-mine-to-magnet-supply-chain-for-rare-earth-materials/. (Accessed: 21 August 2024).

121 National Mining Association (2017) *U.S. National Defense: Stronger with minerals*. Available at: nma.org/wp-content/uploads/2017/10/infographic_defense-01.pdf (Accessed: 21 August 2024).

122 Hedrick, J.B. (2004) *Rare Earths in Selected U.S. Defense Applications*. Available at: www.usmagneticmaterials.com/documents/RARE-EARTHS-IN-US-DEFENSE-APPS-Hendrick.pdf (Accessed: 21 August 2024).

From the mid-1960s until the mid-1980s, the UK's closest ally, the United States, led the world in rare earth element production, mining three times more than the rest of the world combined.¹²³ Despite the United States mining sufficient rare earth reserves for allied military technologies throughout the Cold War, environmental regulations eventually forced America to outsource its once secure upstream supply of these elements.¹²⁴ China, having used government resources to support PRC mining companies and develop processing techniques, subsequently became the world's dominant supplier of these elements.¹²⁵ The CCP has since exploited this glaring supply chain vulnerability of the UK and its military allies and used its control of upstream and midstream rare earths as leverage over transatlantic policymaking.

Following Washington enacting export controls on advanced semiconductor manufacturing equipment to the PRC, Beijing retaliated with restrictions on exports of germanium and gallium, rare earth elements necessary for the manufacturing of defence industry semiconductors.^{126 127} While America maintains a stockpile of germanium, used in chips for night vision goggles and satellite imagery, there is no reserve of gallium, which is a component in radar, radio communications devices, satellites, and light-emitting diodes (LED) display screens.¹²⁸ According to a report, an anonymous Biden Administration official stated that the CCP's decision to restrict exports of gallium and germanium 'sent a jolt through the White House.'¹²⁹ Beijing later restricted the export of graphite, a critical mineral used for missile and rocket manufacturing, as well as aerospace engineering.^{130 131}

Distortions to the rare earth sector imperil the national security of the UK and its military allies, and will undoubtedly lead to delays in defence industrial base commitments that the Government and London's closest military allies have agreed upon. As noted in the Rishi Sunak Government's National Semiconductor Strategy, 98 per cent of worldwide gallium is produced in China (94 per cent) and Russia (four per cent), leading to the UK remaining 'vulnerable to supply shocks.'¹³²

This dependency on enormous quantities of rare earth minerals shows no sign of easing. Through AUKUS, the US has agreed to sell two in-service Virginia-class submarines to Australia in 2032 and 2035, and a new SSN-774 in 2038.¹³³ Under AUKUS Pillar 1, the United Kingdom will construct \$4.6 billion of UK-designed Virginia-class submarines with US weapons systems for its partner Australia.^{134 135} According to a Congressional Research Service report, 'each SSN-774 Virginia-class submarine would require approximately 9,200 pounds of rare earth materials.'¹³⁶

Diversification of upstream rare earth and critical minerals is not only necessary, but easily attainable, to better ensure defence sector supply chain resiliency. Global rare earth deposits total 38 per cent in China, with approximately 10 per cent in Russia, leaving well over half of the world's deposits in non-adversarial countries

123 Senate Republican Policy Committee (2020) *Protecting America's Supply of Rare Earth Elements*. Available at: www.rpc.senate.gov/policy-papers/protecting-americas-supply-of-rare-earth-elements. (Accessed: 21 August 2024).

124 Green, J.A. (2019) *The collapse of American rare earth mining — and lessons learned*. Available at: www.defensenews.com/opinion/commentary/2019/11/12/the-collapse-of-american-rare-earth-mining-and-lessons-learned (Accessed: 21 August 2024).

125 UK Houses of Parliament, Parliamentary Office of Science & Technology (2011) *Rare Earth Metals*. Available at: www.parliament.uk/globalassets/documents/post/postpn368rare_earth_metals.pdf. (Accessed: 21 August 2024).

126 U.S. Department of Commerce, Bureau of Industry and Security (2022) *Commerce Implements New Export Controls on Advanced Computing and Semiconductor Manufacturing Items to the People's Republic of China (PRC)*. Available at: www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3158-2022-10-07-bis-press-release-advanced-computing-and-semiconductor-manufacturing-controls-final/file (Accessed: 21 August 2024).

127 Bloomberg (2023) *China Turns Up Heat on Trade With Rare Earths Tech Curbs*. Available at: www.bloomberg.com/news/articles/2023-12-21/china-bans-exports-of-some-rare-earth-processing-technologies-lqf1pzw8 (Accessed: 21 August 2024).

128 Reuters (2023) *Pentagon has strategic germanium stockpile but no gallium reserves*. Available at: www.reuters.com/markets/commodities/pentagon-has-strategic-germanium-stockpile-no-gallium-reserves-2023-07-06 (Accessed: 21 August 2024).

129 Burton, M. et al (2024) *US Bid to Loosen China's Grip on Key Metals for EVs Is Stalling*. Available at: www.bloomberg.com/news/features/2024-02-20/us-china-washington-ramps-up-hunt-for-ev-metals-to-secure-its-own-supplies (Accessed: 21 August 2024).

130 Coidan Graphite. *Defence*. Available at: www.coidan.com/services/industries/military (Accessed: 21 April 2024).

131 Coidan Graphite. *Aerospace*. Available at: www.coidan.com/services/industries/aerospace (Accessed: 21 April 2024).

132 Department for Science, Technology & Innovation (2023) *National semiconductor strategy*. Available at: www.gov.uk/government/publications/national-semiconductor-strategy/national-semiconductor-strategy (Accessed: 21 August 2024).

133 Eckstein, M. (2023) *Here's when the US Navy plans to sell subs to Australia under AUKUS*. Available at: www.defensenews.com/naval/2023/11/13/heres-when-the-us-navy-plans-to-sell-subs-to-australia-under-aucus (Accessed: 21 August 2024).

134 Tobin, J. (2024) *AUKUS security partnership*. Available at: lordslibrary.parliament.uk/aucus-security-partnership (Accessed: 21 August 2024).

135 Smith, K. (2024) *\$3 billion deal with the UK gets Australia closer to having a fleet of nuclear-powered submarines*. Available at: apnews.com/article/australia-united-kingdom-aucus-submarines-b8763b6fd1346a0a08e836fed858968 (Accessed: 21 August 2024).

136 Grasso, V.B. (2013) *Rare Earth Elements in National Defense: Background, Oversight Issues, and Options for Congress*. Available at: www.everycrsreport.com/files/20130917_R41744_f524dd012737e617d9a79c8bf3a62ad071a52904.pdf (Accessed: 21 August 2024).

Vietnam, Brazil, the United States, Mongolia, as well as Commonwealth of Nations member countries Australia, Canada, India, South Africa, and Tanzania.¹³⁷

AUKUS policymakers in London and Washington have taken a crucial step toward rare earth security with overtures toward Mongolia, which, according to reports, has approximately 64.5 million tonnes of critical minerals and rare earth elements reserves.¹³⁸ Both the UK and the US have recently liberalised airline regulations with Mongolia, in hopes of leading to regular, direct air routes transporting rare earths to the UK, US, or third-party countries for mid-stream processing or downstream manufacturing.^{139 140} Brazil, which has the third largest deposit of rare earths in the world, would also benefit from US and UK infrastructure development finance for exporting mined elements, as it has recently sought the use of the China-controlled, deep-water Chancay port in Peru for exporting non-rare earth commodities, due to delays with cargo shipments through the Panama Canal.¹⁴¹

The United Kingdom and its partners should also increasingly seek to replicate efforts which led to rare earth mining firm Pensana investing capital into a \$195 million rare earth processing facility at the Port of Hull.¹⁴² Reports indicate that the public-private partnership will aim to process rare earth oxides into metals needed for magnets.¹⁴³ A similar ‘mine to magnet’ partnership between the US government and E-VAC Magnetics focuses on the downstream sector of the rare earth supply chain, seeking to limit dependency on outsourcing manufacturing of defence-sector permanent magnets.^{144 145}

Finally, as AUKUS partners urgently seek new deposits of critical rare earths needed for the defence sector, UK policymakers should encourage their US counterparts to ratify the UN Convention on the Law of the Sea (UNCLOS) Treaty. Ironically, China and Russia are using UNCLOS to justify exploiting international law in their favour, by contesting US rights to a one million square kilometre seabed extending from existing US maritime borders, believed to be rich in rare earth elements and critical minerals. US Senators who have previously opposed UNCLOS ratification were not misguided with their concerns regarding U.S. sovereignty and litigation exposure for American companies.¹⁴⁶ However, the US ratifying UNCLOS now would strengthen Washington’s counterclaims to China and Russia in regards to rare earths exploration, whilst being able to further hold each to account for their international maritime infractions. The UK Government is diplomatically well placed to help achieve this.

Diversifying trade and investment in the Indo-Pacific

Preventing the economic balance of power in the Indo-Pacific from irreversibly tipping in the PRC’s favor must be a priority for the UK and its commercial partners. The Indo-Pacific remains the engine of economic growth for the world, accounting for 60 per cent of the world’s gross domestic product (GDP) and two thirds of global

137 Mining.com (2021) *Rare earth elements: Where in the world are they?* Available at: www.mining.com/web/rare-earth-elements-where-in-the-world-are-they (Accessed: 21 August 2024).

138 Bartlett-Imadegawa, R. (2023) *Mongolia seeks foreign help to produce minerals used for EVs*. Available at: asia.nikkei.com/Business/Materials/Mongolia-seeks-foreign-help-to-produce-minerals-used-for-EVs (Accessed: 21 August 2024).

139 British Embassy Ulaanbaatar (2024) *Air Services Agreement signed between UK and Mongolia*. Available at: www.gov.uk/government/news/air-services-agreement-signed-between-uk-and-mongolia (Accessed: 21 August 2024).

140 Hunnicutt, T. (2023) *Exclusive: Mongolia, US to sign ‘Open Skies’ deal ahead of talks*. Available at: www.reuters.com/world/mongolia-us-prepare-sign-open-skies-deal-ahead-talks-official-2023-08-02 (Accessed: 21 August 2024).

141 Market Intelligence (2023) *Brazil Rare Earth Mining Equipment Opportunities*. Available at: www.trade.gov/market-intelligence/brazil-rare-earth-mining-equipment-opportunities (Accessed: 21 August 2024).

142 McClelland, C. (2023) *Pensana Taps Major UK Investor to Fund Rare Earths Project in Angola*. Available at: www.mining.com/pensana-taps-major-uk-investor-to-fund-rare-earths-project-in-angola/ (Accessed: 21 August 2024).

143 Dempsey, H. (2022) ‘Experts cast doubts over UK’s first rare earths processing site’, *Financial Times*, 22 July. Available at: www.ft.com/content/1ccd480b-4926-45ca-b70a-bd8ba3058d10 (Accessed: 21 August 2024).

144 Lopez, C.T. (2024) *DOD Looks to Establish ‘Mine-to-Magnet’ Supply Chain for Rare Earth Materials*. Available at: www.defense.gov/News/News-Stories/Article/Article/3700059/dod-looks-to-establish-mine-to-magnet-supply-chain-for-rare-earth-materials (Accessed: 21 August 2024).

145 U.S. Department of Defense (2023) *Department of Defense Enters an Agreement to Expand Domestic Manufacturing to Strengthen U.S. Supply Chains for Rare Earth Magnets*. Available at: www.defense.gov/News/Releases/Release/Article/3529874/department-of-defense-enters-an-agreement-to-expand-domestic-manufacturing-to-s (Accessed: 21 August 2024).

146 Bromund, T.R. et al (2018) *7 Reasons U.S. Should Not Ratify UN Convention on the Law of the Sea*. Available at: www.heritage.org/global-politics/commentary/7-reasons-us-should-not-ratify-un-convention-the-law-the-sea (Accessed: 21 August 2024).

economic growth.¹⁴⁷ A dominant China, able to exert economic leverage over the entirety of the region, would have the potential to disrupt global trade on a whim and impede the late Shinzo Abe's vision of a Free and Open Indo-Pacific: 'seas of freedom and prosperity, which will be open and transparent to all.'^{148 149}

Beijing maintains its firm grip over regional economic policy because the PRC remains the world's largest development financier, controls the global export of rare earths, and produces a glut of inexpensive manufactured goods.^{150 151 152} Should London expect to convince smaller Indo-Pacific governments to veer outside of Beijing's economic orbit, something more than an 'all guns and no butter' approach is needed, a common refrain used to describe the Biden Administration's economic strategy in the region.¹⁵³ The US-led Indo-Pacific Economic Framework (IPEF), branded by CCP propagandists as an 'empty shell', has focused on lofty progressive ideals such as sustainability and inclusivity, that is, 'equity', rather than market access or other pragmatic trade policies which regional commercial partners seek.^{154 155 156}

The UK, recognising the potential for increased post-Brexit trade with the Indo-Pacific, will become the first European government to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). As the CPTPP is not a customs union, nor a single market like the European Union (EU), London maintains flexibility to negotiate and implement trade policy with other countries in the region. The UK, therefore, can aim to diversify its existing commercial dependency and supply chain reliance on the PRC through increased trade with other CPTPP members, as well as with non-CPTPP partners. India's economy grew 8.4 per cent in Q4 2023 and is forecast to become the world's third-largest by 2027.^{157 158} Vietnam, a burgeoning manufacturing hub, will likely see a 125 per cent rise in wealth over the next decade, 'the largest expansion in wealth of any country', whilst Indonesia's president-elect believes eight per cent economic growth is attainable, as his administration will focus on privatisation of state-owned enterprises in the world's fourth most populous country.^{159 160}

Increased trade between the UK and other economic powers in the Indo-Pacific will not only help mitigate the risks of the UK's commercial dependencies on the PRC but minimise the leverage that the CCP has over its regional trading partners as well. Once the UK accedes to the CPTPP, it too can use its leverage as a member of the trade agreement with formal applicants including Taiwan. With Taiwan particularly, the UK can help encourage Taipei to formalise a sovereign wealth fund, as detailed above, to help finance regional infrastructure projects between the UK and regional trade partners in the Indo-Pacific. In addition, the Government can clearly voice its displeasure with Taiwan assisting Huawei with developing semiconductor fabrication facilities in China,

147 U.S. Department of State (2024) *The United States' Enduring Commitment to the Indo-Pacific: Marking Two Years Since the Release of the Administration's Indo-Pacific Strategy*. Available at: www.state.gov/the-united-states-enduring-commitment-to-the-indo-pacific-marking-two-years-since-the-release-of-the-administrations-indo-pacific-strategy (Accessed: 21 August 2024).

148 Abe, S. (2007) *Confluence of the Two Seas*. Available at: www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html (Accessed: 21 August 2024).

149 Pottinger, M. (2022) 'Shinzo Abe Invented the "Indo-Pacific"', *Wall Street Journal*, 10 July. Available at: www.wsj.com/articles/shinzo-abe-invented-the-indo-pacific-india-china-japan-assassinate-gun-prime-minister-11657476831 (Accessed: 21 August 2024).

150 Areddy, J.T. (2023) 'How China Became the World's Top Development Financier', *Wall Street Journal*, 6 November. Available at: www.wsj.com/world/china/how-china-became-the-worlds-top-development-financier-08509fc9 (Accessed: 21 August 2024).

151 Andrews-Speed, P. and Hove, A. (2023) *China's rare earths dominance and policy responses*. Available at: www.oxfordenergy.org/wpcms/wp-content/uploads/2023/06/CE7-Chinas-rare-earths-dominance-and-policy-responses.pdf (Accessed: 21 August 2024).

152 Ziady, H. and He, L. (2024) *A glut of cheap Chinese goods is flooding the world and stoking trade tensions*. Available at: edition.cnn.com/2024/03/28/business/china-goods-exports-trade/index.html (Accessed: 21 August 2024).

153 Sevastopol, D. and Inagaki, K. (2022) 'Joe Biden waters down Indo-Pacific Economic Framework to win more support', *Financial Times*, 20 May. Available at: www.ft.com/content/91207c37-c9bd-4737-abf5-afc71200f8a1 (Accessed: 21 August 2024).

154 *Global Times* (2022) 'GT Voice: IPEF May Just Be an Empty Shell as US Can Offer Nothing Concrete', 24 May. Available at: www.globaltimes.cn/page/202205/1266477.shtml (Accessed: 21 August 2024).

155 Reinsch, W.A. (2023) *Reality Bites*. Available at: www.csis.org/analysis/reality-bites (Accessed: 21 August 2024).

156 Office of the United States Trade Representative. *Equity and Trade*. Available at: ustr.gov/equity (Accessed: 20 April 2024).

157 Ahmed, A. and Kumar, M. (2024) *India's economy grows at its fastest pace in six quarters in election boost for Modi*. Available at: www.reuters.com/world/india/indias-economic-growth-expected-slip-below-7-oct-dec-quarter-2024-02-29 (Accessed: 21 August 2024).

158 Laker, B. (2024) 'India Will Grow To Become The World's Third-Largest Economy By 2027', *Forbes*, 23 February. Available at: www.forbes.com/sites/benjaminlaker/2024/02/23/india-to-become-third-largest-economy-by-2027-implications-for-leaders (Accessed: 21 August 2024).

159 Shan, L.Y. (2024) *This Southeast Asian country is set to see the sharpest spike in wealth growth over the next decade*. Available at: www.cnbc.com/2024/02/21/vietnam-to-see-highest-increase-in-wealth-growth-over-the-next-decade.html (Accessed: 21 August 2024).

160 Lim, L. (2024) 'Indonesia's presumed next president wants the "very, very messy" democracy to have 8% GDP growth within 5 years', *Fortune*, 6 March. Available at: fortune.com/asia/2024/03/06/indonesia-presumed-next-president-prabowo-subianto-gives-8-percent-gdp-growth-target-messy-democracy (Accessed: 21 August 2024).

a PRC technology company linked to the CCP's military-civil fusion strategy.^{161 162} The UK should also seek increased market access for UK exports and enhanced commercial ties with smaller Pacific islands, including Mauritius, Nauru, and Palau, most of which have been enticed by China with offers of increased trade and investment.^{163 164 165}

As the 'golden era' of UK-China relations once envisioned by Lord David Cameron is no more, China's dominance of global supply chains can no longer continue. As noted in the 2023 'Annual Threat Assessment' from the US Director of National Intelligence, 'The government of China is capable of leveraging its dominant positions in key global supply chains in an attempt to accomplish its goals...'¹⁶⁶ The UK government would do well to heed this warning and act accordingly, in-line with its closest allies and partners whilst also ensuring its own economic and thus national security interests.

Recommendations

British policymakers, therefore, should link future supply chain policies with national security strategies through the following set of recommendations:

- Both Houses of Parliament should approve amendments to the National Security and Investment Act, mandating the review of foreign acquisition of, or investment in, agricultural land. Those acquisitions could allow a UK strategic competitor or adversary control over livestock and/or crops, would provide a competitor close proximity access to military bases or other national security installations through the acquisition of or investment in agricultural land, and/or allow the potential lowering of quality controls for livestock or crops through this foreign investment.
- The Department for Environment, Food, and Rural Affairs should adopt measures that the United States Department of Agriculture (USDA) implemented in 1978, and require all foreign owners of agricultural land in the United Kingdom to declare their holdings.
- The United Kingdom and its AUKUS partners – the United States and Australia – should minimise existing dependence on the PRC for rare earth elements and critical minerals. AUKUS members should prioritise sourcing all three stages of the rare earth elements value chain: securing both upstream mining of deposits of rare earth elements and other critical minerals, midstream processing, and downstream manufacturing of magnets and metals.
- AUKUS partners should seek to not only diversify sources of rare earths, to minimise their existing dependency on China for these elements, but accelerate domestic processing and manufacturing, to help alleviate potential supply chain delays from non-AUKUS partners.
- The UK, and its AUKUS partners, through the Blue Dot Network, should encourage private financial platforms to identify infrastructure investment opportunities which could facilitate identification of new deposits of rare earths or processing other critical minerals into similar elements needed for defence manufacturing.
- British International Investment (BII) should encourage other BDN members to prioritise private sector investment, including pension funds, into international infrastructure projects, to adequately counter China's

161 Bloomberg (2023) *Key Taiwan Tech Firms Helping Huawei With China Chip Plants*. Available at: www.bloomberg.com/news/articles/2023-10-03/taiwan-tech-companies-are-helping-huawei-build-a-secret-network-of-chip-plants (Accessed: 21 August 2024).

162 U.S. Department of Defense (2024) *DOD Releases List of People's Republic of China (PRC) Military Companies in Accordance With Section 1260H of the National Defense Authorization Act for Fiscal Year 2021*. Available at: www.defense.gov/News/Releases/Release/Article/3661985/dod-releases-list-of-peoples-republic-of-china-prc-military-companies-in-accord (Accessed: 21 August 2024).

163 Jennings, R. (2024) 'China investors eye Africa's tiny island of Mauritius as it goes green and tries to sweeten trade deals', *South China Morning Post*, 29 January. Available at: www.scmp.com/economy/china-economy/article/3250171/china-investors-eye-africas-tiny-island-mauritius-it-goes-green-and-tries-sweeten-trade-deals (Accessed: 21 August 2024).

164 Keen, M. and Sora, M. (2024) *Nauru's diplomatic switch to China – the rising stakes in Pacific geopolitics*. Available at: www.lowyinstitute.org/the-interpreter/nauru-s-diplomatic-switch-china-rising-stakes-pacific-geopolitics (Accessed: 21 August 2024).

165 Reuters (2015) *China, Britain to benefit from 'golden era' in ties – Cameron*. Available at: www.reuters.com/article/idUSKCN0SB10M (Accessed: 21 August 2024).

166 Office of the Director of National Intelligence (2023) *Annual threat assessment of the U.S. intelligence community*. Available at: www.dni.gov/files/ODNI/documents/assessments/ATA-2023-Unclassified-Report.pdf (Accessed: 21 August 2024).

development finance budget through BRI and to mitigate risks associated with continued reliance on Chinese-controlled supply chains. London should also encourage Taiwan to launch a sovereign wealth fund with its excess foreign currency reserves to help ensure supply chains in the Indo-Pacific remain free from CCP coercion.

- Prioritising resilient upstream, midstream, and downstream supply chains for rare earths should become a priority of AUKUS Pillar 2, which focuses on ‘accelerating and deepening... delivery of state-of-the-art capabilities.’¹⁶⁷
- The UK and its closest partners should restrict outbound investment to targeted PRC sectors. The City of London and Wall Street should be incentivised to invest into infrastructure development and other projects which help mitigate the risks related to the UK’s continued dependence on China-controlled supply chains.
- The UK should seek to enhance trade and investment ties with CPTPP members, and, with its BDN partners, seek to deepen commercial ties with smaller Pacific Island nations which have been enticed by Beijing. The Minister for the Indo-Pacific should develop a strategy for attracting private sector investment for infrastructure development finance in the second and third Pacific Island chains to counterbalance PRC efforts.
- Upon accession to the CPTPP, the UK should use its membership to influence aspiring governments to change trade, investment, and other economic policies which negatively impact the UK’s economic security.

¹⁶⁷ Lord Risby, R. (2024) *Richard Risby: AUKUS is a vital agreement in an increasingly dangerous world*. Available at: conservativehome.com/2024/03/18/richard-risby-aukus-is-a-vital-agreement-in-an-increasingly-dangerous-world (Accessed: 21 August 2024).

Securissez Faire

Rt. Hon. Liam Byrne MP

This was always going to be a difficult moment. As the political scientist Graham Allison once neatly explained, throughout history the arrival of a rising geopolitical power often sets the stage for war.¹⁶⁸ But, war is not inevitable and the principal task of wise leaders is to preserve the peace. For Britain to play its role, this requires us to master a game of 5-D chess – of co-operation and challenge, de-risking and deterrence, plus a wiser strategy for international development across Africa and the Indo-Pacific, because this is a long game best played with allies, both old and new.

The rise of China has been a global public good. Eight hundred million have been lifted from poverty. For Western consumers – especially low-income consumers – cheaper goods have been a boon; and for Western workers, who make and deliver everything from Land Rovers to HSBC bank accounts, China's prosperity has been good for business. There has been a 'China shock' that has cost jobs (US economists reckon perhaps one in every 150 jobs lost is due to Chinese imports) but economists still struggle to disentangle the impact of advancing trade and technology. Regardless, today, UK exports to China are over £30 billion. That may constitute around four per cent of UK exports, but those are exports that are growing more than six times faster than sales to Europe.¹⁶⁹ Within two decades, China will likely have the largest middle class in the world, larger than the US and EU combined.¹⁷⁰

So, it is in the national interest for trade to grow. Not from some starry-eyed notion that deepening trade links is a guarantee of peace – that is a 'Great Delusion' as John Mearsheimer recently put it¹⁷¹ – but because for all its challenges, China is a \$17 trillion economy that is still growing at 4.5 per cent a year,¹⁷² adding the equivalent to global output of a whole economy somewhere between the size of Belgium and Poland. None of our allies are cutting trade with China, but the wisest are re-thinking and adapting to the challenge eloquently set out by the American national security advisor, Jake Sullivan, last year, of a large non-market economy plugged into the global trading system, but where economic liberalisation has actually triggered a retreat from democracy, rather than its embrace.

A free-trading nation like Britain will always cling to the long traditions which we helped pioneer in the world. But when it comes to China, it is not free trade but a defined space of trusted trade which might be the best we can aspire to. Some might call it an external policy for securonomics, and defining a safe space trade demands new guardrails of deterrence and de-risking.

Deterrence centres, of course, are the goal of ensuring peace and stability in the Taiwan Strait. This too is a global public good. The latest estimates for the cost of just a blockade of Taiwan are astronomical: somewhere between \$2.7 and \$10 trillion.¹⁷³ No-one can afford that, including China.¹⁷⁴ Maybe that is one reason why, when I met businesses in Taiwan, they were pretty relaxed about the possibility of conflict. They do not think anyone would be stupid enough to risk such a cost.

168 Allison, G. (2017) *Destined for War: Can America and China Escape Thucydides's Trap?* Houghton Mifflin Harcourt.

169 UK exports to China grew at 13.1 per cent between 1999 and 2000, compared to growth in UK exports to Europe of around 2.5 per cent. Source: House of Commons Library.

170 U.S. Chamber of Commerce (2021) *Understanding U.S.-China decoupling: Macro Trends and Industry Impacts*. Available at: www.uschamber.com/assets/archived/images/024001_us_china_decoupling_report_fin.pdf (Accessed: 21 August 2024).

171 Mearsheimer, J.J. (2018) *The Great Delusion*. Yale University Press.

172 IMF (2024) *World Economic Outlook*.

173 Welch, J. et al (2024) *Xi, Biden and the \$10 Trillion Cost of War Over Taiwan*. Available at: www.bloomberg.com/news/features/2024-01-09/if-china-invades-taiwan-it-would-cost-world-economy-10-trillion?embedded-checkout=true (Accessed: 21 August 2024). Sydney-based think tank Institute for Economics and Peace noted in its 2023 Global Peace Index report that a Chinese blockade of Taiwan would lead to a drop in global economic output of \$2.7 trillion in the first year.

174 Moriyasu, K. (2023) *Taiwan blockade's cost would be felt wider than COVID: U.S. official*. Available at: asia.nikkei.com/Politics/International-relations/Taiwan-tensions/Taiwan-blockade-s-cost-would-be-felt-wider-than-COVID-U.S.-official2 (Accessed: 21 August 2024).

This scale of global shock would be an order of magnitude larger than Covid. So, we should avoid it. But preserving peace in the Taiwan Strait needs rather less ‘performative diplomacy’ of VIP visits. Rather, as Jude Blanchette and Ryan Hass recently wrote in *Foreign Affairs*,¹⁷⁵ our aim should be ‘to convince leaders in Beijing and Taipei that time is on their side, forestalling conflict’. Bringing intractable challenges to a head is in no-one’s interest. Rather we should be seeking ‘to create space for Beijing and Taipei to either indefinitely postpone conflict or reach some sort of political resolution.’ So, rather than state visits, we might better use our time to encourage more effective Taiwanese self-defence. Taiwan is a natural island fortress but its defence spending is too low and it is buying the wrong equipment – with a penchant for fancy systems rather than investing in a more realistic ‘porcupine’ strategy.¹⁷⁶

De-risking, on the other hand, is rather more complicated, so it is useful to remind ourselves what we are trying to do. Firstly, we are trying to preserve our freedom of maneuver in the event of a Taiwanese conflict; we want to avoid China weaponising trade to limit our ability to act if we decide to. But second, we are trying to secure economic win-wins despite asymmetric trade with a very large non-market economy that is now deeply integrated to the world’s global value chains, which in turn account for 70 per cent of international trade, and in which China represents 31 per cent of global manufacturing value-added.¹⁷⁷

Jake Sullivan recently summarised the strategy required of us rather well. It is:

‘One that invests in the sources of our own economic and technological strength, that promotes diversified and resilient global supply chains, that sets high standards for everything from labor and the environment to trusted technology and good governance, and that deploys capital to deliver on public goods like climate and health.’¹⁷⁸

For the UK, this requires what we might call the ‘three defences’: a far tougher approach to fair competition; a transformation of economic security policy; and a new strategy for enhancing alliances with Europe, Africa and across the wide Indo-Pacific. It was not good enough for Rishi Sunak, when Prime Minister, to plead that ‘our defences are better than some of our allies’, as he did in a tetchy exchange with me at the Liaison Committee. We need to strengthen our defences in line with the United States.

Let me take each key dimension in turn.

As the great political economist David Ricardo observed, trade, like competition, is good for growth. Indeed, the great irony of the ‘trade with China’ debate is that it was Britain’s 19th Century China traders who forced through the politics of free trade in the first place. As I set out in my biography of William Jardine, the campaign to finally end the East India Company’s monopoly on eastern trade was won by traders like William Jardine and James Matheson, who sought the freedom to sell Indian opium in Canton and return home with Chinese tea.¹⁷⁹ But, while Ricardo recognised that trade improves aggregate economic efficiency, he didn’t say much about the reality that the price and the prize of trade are not equally shared. This year’s ‘Economic Report of the President’ in the United States spelt out the problem rather better: trade can trigger ‘a redistribution of income across factors of production in a manner that can increase inequality’ if it grows risk and competition is unfair.¹⁸⁰ Hence, the need to ensure that competition from China is not unfair and to guard against inputs we deplore: too much carbon, too many subsidies and too few labour standards.

175 reader.foreignaffairs.com/2022/12/27/the-taiwan-long-game/content.html

176 *The Economist* (2023) ‘Taiwan needs a new defence strategy to deal with China’, 6 March. Available at: www.economist.com/special-report/2023/03/06/taiwan-needs-a-new-defence-strategy-to-deal-with-china (Accessed: 21 August 2024).

177 United Nations (2023) *China’s Policy Strategies for Green Low-Carbon Development: Perspective from South-South Cooperation*. Available at: unctad.org/system/files/official-document/gds2023d6_en.pdf (Accessed: 21 August 2024).

178 The White House (2023) *Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution*. Available at: www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution (Accessed: 21 August 2024).

179 See Liam Byrne, William Jardine, in *Dragons* (Head of Zeus, 2016). It wasn’t long before Britain was defending that freedom with gun-boats and to this day, our prosecution of the Opium Wars remains one of the most disgraceful episodes of Britain’s imperial history. We may have forgotten it. The Chinese absolutely have not. The first visit President Xi made with his Politburo was to the then new exhibition on the Opium war at the People’s Museum in Tiananmen Square.

180 Council of Economic Advisers (2024) *The 2024 Economic Report of the President*. Available at: www.whitehouse.gov/cea/written-materials/2024/03/21/the-2024-economic-report-of-the-president/ p.200. (Accessed: 21 August 2024).

Yet our domestic sea-walls provide very few defences against any of these things.

We have not put in place effective prohibitions on the use of forced labour in supply chains, unlike the US Uyghur Forced Labour Prevention Act. Indeed, the promise once made in the 2022 Queen's Speech to update the Modern Slavery Act with new defences against forced labour in our supply chains has been quietly dropped. Nor do we seek to incorporate innovative ideas to raise labour standards into our trade agreements, other than fluffy language about asking partners to respect their obligations to the International Labour Organization. We certainly do not have anything as imaginative as the new American-Mexico-Canada Rapid Response Labour Mechanism, which modernised North American Free Trade Agreement (NAFTA) and has helped improve labour standards at Mexican plants.

We do have some ideas to ensure we are not importing tonnes of Chinese carbon embedded in its goods. In 2021, about 13 per cent – or 50 Mt CO₂ equivalent – of the carbon emissions we import embedded into goods comes from China – about 40 per cent of the carbon we import from Europe.¹⁸¹ Our carbon border adjustment mechanism comes into force in 2027 – but would be far more effective (and better for UK trade) if it was a shared project with the European emission trading system.

Crucially, we have to get far tougher in policing unfair subsidies and guarding against the risk of China dumping industrial overproduction – for example, solar panels – in our markets. The EU is transforming its approach. It launched what will be the first of many anti-subsidy investigations into Electric Vehicles before Christmas 2023. Bizarrely, the UK refused to join that investigation.¹⁸² That sort of attitude cannot and must not persist.

Competition and trade policy however is but the first ring of defence. The second curtain wall is our investment security and export control regime. Today, we offer extraordinary freedoms to our adversaries to trade on our shores and to wander in and simply buy our assets as they wish – and the lack of controls on exports is a clear and present danger to national security.

Over the last 13 years, foreign direct investment into the UK has grown, but so too has inward investment from offshore sources, dictatorships, and countries classed as 'unfree', like China. Indeed, investment from such sources has multiplied over five-fold to almost a quarter of trillion pounds.

In theory, the National Security and Investment Act lets ministers screen takeovers and investments into strategically important UK firms. The Business Secretary has the power to call-in transactions for further investigation, and to impose conditions or block them, should they threaten our national security. But, this defence regime has not kept up with the times. The trick, as US National Security Advisor Jake Sullivan puts it, is to build a 'small yard with a high fence'. Right now, the government risks building a big garden with a low fence. So, while our allies in the US and Europe are reinforcing their defences and protecting strategic assets with a 'higher fence', we risk lowering our guard. Our allies are bringing forward reforms that make it harder for those who do not share our values to buy firms that push the boundaries of technology, or amass data on citizens, or safeguard the media freedoms which are so essential to our way of life. The proposal to merge the mobile phone operators Three and Vodafone is case in point, given the longstanding connections between Three's owners CK Hutchinson and the Chinese state.¹⁸³ Yet parliament has no idea if this deal will be blocked on national security grounds. This is one big reason why the Business and Trade Committee has demanded a detailed plan to toughen up, not weaken the law.¹⁸⁴

The UK should be open for business, but not open to abuse, and critically in a world where AI is a weapon, we have to now overhaul our export controls to ensure we not simply exporting – for example, through university research partnerships – the kind of technology that can be used against us in future conflict.

181 Department for Environmental Food & Rural Affairs (2024) *Carbon footprint for the UK and England to 2021*. Available at: www.gov.uk/government/statistics/uks-carbon-footprint/carbon-footprint-for-the-uk-and-england-to-2019 (Accessed: 21 August 2024).

182 Private conversations between author and EU officials.

183 Unite. *Written evidence submitted by Unite the Union*. Available at: committees.parliament.uk/writtenevidence/127408/pdf/ (Accessed: 21 August 2024).

184 UK Parliament (2024) *MPs: Investment security screening 'not keeping pace' with economic threats*. Available at: committees.parliament.uk/committee/631/business-and-trade-subcommittee-on-national-security-and-investment/news/199855/mps-investment-security-screening-not-keeping-pace-with-economic-threats (Accessed: 21 August 2024).

Today's system of arms export control licensing simply isn't fit for purpose. The UK's export licensing regime may have stopped the export of advanced chips to China, but we do not operate a specific, statutory regime to screen and/or restrict outbound investments by UK citizens or companies into China, and the controls, such as they are, are weak compared to our American allies. We have a 'partial' arms embargo on China¹⁸⁵ and ministers have said they will consult on updating its export control regime but, despite promising to sort this out (under US pressure) and making some sweeping statements in the 2023 Atlantic Declaration, government has only got as far as building an evidence base for possible further initiatives. That is it.

Nor do we use sanctions especially well when China is concerned. America has used sanctions extensively to target China and Chinese entities; indeed, over 300 Chinese individuals and entities are on its main sanctions list, for dealing with sanctioned countries such as Iran and North Korea, and for human rights abuses, repression in Hong Kong, and drugs smuggling. Americans are prohibited from trading in their shares of any company on the 'Chinese Military-Industrial Complex Companies List'. The UK by contrast has imposed asset freezes on six Chinese nationals, for cyber-attacks and human rights violations in Xinjiang; plus a few more in China/Hong Kong, for evading sanctions on Russia and North Korea. The UK has also sanctioned a number of entities and individuals based within China.¹⁸⁶

Economic security is always a balancing act. We like free and open markets. But we can't be naive about the risks of this. We must not be, as Ronald Reagan once put it, 'innocents abroad in a world that isn't innocent'. We are not helped by the lack of a single centre of government that ensures concerted action. That is one big reason why we need a new Office of Economic Statecraft, tasked with sorting out the intelligence, economic models, and plans for economic resilience.

The third line of defence is of course our allies, old and new. The more we can coordinate competition, trade and investment security policy, and diversify our supply chains with our allies, the better.

Once upon a time, Churchill framed our alliances as 'three majestic circles' for which Britain was the junction: the English-speaking world, Europe, and the Commonwealth. Today, our alliances are much wider: NATO, the EU, the Commonwealth, our allies in the free and open Indo-Pacific, and of course our partners across the Middle East and the Gulf. The more we can coordinate action with allies the better. But that will need us to re-align our trade diplomacy with our defence alliances, and, crucially, re-engage with multilateral platforms like the Bretton Woods institutions, the World Bank, and the IMF. This will allow us to transform our development leadership in Africa, where we should be helping build the green mineral processing industries of the future, which are critical to helping us safeguard supply chains.

Africa is today the arena for a new strategic competition between the West and China. But it is not only home to the key critical minerals needed to power the green transition: its leaders are sick and tired of broken promises from us about delivering real partnerships that might lift their nations out of poverty.

In particular, if we do not want China to be a lender of last resort to Africa, we should step up our work with multilateral institutions like the IMF and World Bank, because working multilaterally is a huge force multiplier for any investment we could possibly afford. And it begins to move nations towards not simply a rules-based order, but the rights-based order that was the promise of the United Nations as we created it, rich in a tradition of rights and rule of law we can trace back through the Glorious Revolution and the Bill of Rights to the Magna Carta. If we then summoned the imagination to weave into this defence, diplomatic and development mix, a transformation of Britain's soft power assets – universities, Chevening Scholarships, the British Council, BBC Worldwide and military to military partnerships – we would quickly start to see a transformation in UK equity across the African continent which will soon be home to one in four of the world's young people.

It was the great political realist Thomas Hobbes who once wrote that 'hell is truth seen too late.' In many ways, we have been slow to adapt to President Xi's distinctive change of direction in China. It was not inevitable. And

¹⁸⁵ Which since May 2022 includes military end-use controls.

¹⁸⁶ Office of Financial Sanctions Implementation HM Treasury (2024) *Consolidated list of financial sanctions targets in the UK*. Available at: assets.publishing.service.gov.uk/media/6634b8634d8bb7378fb6c1fc/Global_Human_Rights.pdf (Accessed: 21 August 2024).

nor in the future is it necessarily irreversible. But for the foreseeable future, we will need ‘the three defences’ of a far tougher approach to fair competition; transformation of economic security policy; and a new strategy for enhancing alliances with the EU, Africa, and the Indo-Pacific. This requires a new Office of Economic Statecraft to sort out the intelligence, economic models and plans for economic resilience needed for the perceptive relationship with China that provides the security to our country and provides security for our people – to take the risks that all traders and entrepreneurs must take if they are to succeed.

The military balance in the Indo-Pacific and the UK's role

Dr Kevin Rowlands

The strategic landscape

Where and what are we talking about? Water cannons and artificial islands in the South China Sea, or tiger economies reshaping the business world? When considering the military balance in the Indo-Pacific we should first try to understand what we mean by the term. It quickly becomes apparent when speaking to different audiences that there are as many definitions of the Indo-Pacific as there are voices in the conversation. To some it means a narrow geographical area centred on the Association of Southeast Asian Nations (ASEAN) countries with a focus on prosperity. To others it centres on China, its growing threat to regional and global security and the Sino-American contest for supremacy.¹⁸⁷ It is important to know what we mean because definitions and perspectives are not just semantic; they determine our approaches and our actions.

The Indo-Pacific is not a single region. It is half the world in both physical size and in human population. It is a diverse multiplexity stretching from Africa to South America, and from the Arctic to the Antarctic. Each of the world's great powers, however one chooses to describe them, are physically present – every permanent member of the United Nations Security Council, for instance, has territory, people, interests, and military forces there.¹⁸⁸ The Indo-Pacific need not even be geographically defined at all, despite its name, with some viewing it in terms of shared and divergent relationships, histories and cultures, many of which are at odds with one another. It is now the global economic centre of gravity, but it is also has some of the least developed countries on the planet. It is home to capitalist, pseudo-communist, command and rentier economies. The four most populace countries in the world – India, China, the United States, and Indonesia – are Indo-Pacific actors, but so too are some of the tiniest, most sparsely populated nation states, particularly the proudly independent island groupings dotted across the Pacific Ocean.¹⁸⁹ However, each one is politically and diplomatically relevant – they all hold a single seat and single vote in the UN General Assembly. The Indo-Pacific has vast oceans with scattered archipelagos, but it also has great mountain ranges, hot and cold deserts, megacities and thousands of miles of nothingness. Indo-Pacific nations have space programmes; they also have crippling poverty.

These contrasts create a security landscape further characterised by waning hegemony, revisionist adventurism, and precarious hedging. The military balance, just one aspect of a geopolitical jigsaw, is difficult, dynamic, and shaped by a multitude of factors beyond the size and shape of various armed forces, including physical terrain, historical rivalries and territorial disputes, natural resources, economic interests, and strategic alliances. It is not a binary, black and white picture. When taking a military perspective, we should therefore try to be as 'big-hand-small-map' as possible – at least in the first instance – lest we get lost in the detail or be distracted by one or other potential flashpoint such as Taiwan or Korea or Iran. We do not want to miss some obvious alternative threats and opportunities, nor do we want to forget the routes into and out of the Indo-Pacific. Yet the term 'military balance' itself is problematic, implying a form of semi-stable equilibrium, but that is far from the truth in the second quarter of the 21st Century. The Indo-Pacific is a mega-region of territorial, economic, religious, and ideological competition and sub-threshold or grey zone conflict. What it must not become is a mega-region of war.

187 Das, U. (2019) 'What Is the Indo-Pacific?', *The Diplomat*, 13 July. Available at: thediplomat.com/2019/07/what-is-the-indo-pacific (Accessed: 21 August 2024).

188 Council on Foreign Relations (2024) *The UN Security Council*. Available at: www.cfr.org/background/un-security-council (Accessed: 21 August 2024).

189 World Population Review (2024) *Total Population by Country 2024*. Available at: worldpopulationreview.com/countries (Accessed: 21 August 2024).

The military (im)balance

A short survey of the principal military actors is instructive. China, as is well known, has and is rapidly modernising its military capabilities and is now the dominant regional power in East Asia. From the 1990s onwards, enabled by high and sustained economic growth, its military machine has been transformed from being a very large but relatively unsophisticated force dominated by the People's Liberation Army (PLA) to a modern, high-technology military where air, naval and rocket forces have risen in prominence alongside a smaller but better equipped army.¹⁹⁰ The accession of Xi Jinping in 2012-13 also led to a much more aggressive and transactional international posture which saw economic coercion against Japan over rare earths, as well as against the Philippines over disputed maritime claims; and a trade war with Australia.¹⁹¹ China also made an increasingly bespoke interpretation of international law and norms.

China, however, is a lone actor. With the exception of its 'partnership without limits' with Russia (actually, a marriage of grudging convenience, not mutual beliefs) and its 'special relationship' with the nuclear-armed international pariah North Korea, China has no real friends.¹⁹² Beijing would undoubtedly prefer a system of tribute rather than a free and open network of partners. Conviction matters when it comes to alliances, and alliances matter when it comes to conflict, and China has none. International integrated and combined military operations, which the West prepares and trains for, are beyond China's current abilities. The best it could currently hope for in a major conflict is semi-coordination by geographic separation with its junior partners.

China's ground, air and naval forces are numerous but untested, its military culture is risk averse, it is centralised to the point of ineffective control, and the PLA is still blighted by corruption.¹⁹³ China is certainly a force to be reckoned with, especially in the cyber domain and as a nuclear weapon state and in the traditional, physical domains because of its sheer scale and mass, but it does not enjoy the same advantages as its competitors and adversaries who represent a like-minded community of states.

However, China is a rising power. Its naval and paramilitary maritime forces have expanded their presence in the South China Sea and into the Indian Ocean, with the PLA Navy now making regular forays to the Arabian/Persian Gulf and the coast of East Africa. Some operational experience has been gained by conducting counter-piracy operations off Somalia, but this is negligible in comparison with Western experience in recent decades.¹⁹⁴ Beijing's Belt and Road Initiative has definitely reaped rewards in terms of access to logistical support away from home, such as its naval base in Djibouti, and its defence diplomacy missions to Pacific Island states have in some cases started to dislodge the United States, the United Kingdom, and Australia as the partners of first choice.¹⁹⁵ This is certainly something to be watched and countered diplomatically and economically, and there is some evidence of hedging states thinking again about a too-close relationship with China. However, moral support from the collective West reduces in significance for struggling economies when set against real inward investment from Beijing, whatever its longer-term consequences.

190 Heath, T. R. (2023) *Why Is China Strengthening Its Military? It's Not All About War*. Available at: www.rand.org/pubs/commentary/2023/03/why-is-china-strengthening-its-military-its-not-all.html (Accessed: 21 August 2024).

191 Evenett, S. and Fritz, J. (2023) *Revisiting the China–Japan Rare Earths dispute of 2010*. Available at: cepr.org/voxeu/columns/revisiting-china-japan-rare-earth-dispute-2010 (Accessed: 21 August 2024). Center for Preventive Action (2024) *Territorial Disputes in the South China Sea*. Available at: www.cfr.org/global-conflict-tracker/conflict/territorial-disputes-south-china-sea; (Accessed: 21 August 2024). *The Economist* (2023) 'Australia has faced down China's trade bans and emerged stronger', 23 May. Available at: www.economist.com/asia/2023/05/23/australia-has-faced-down-chinas-trade-bans-and-emerged-stronger (Accessed: 21 August 2024).

192 Kim, P.M. (2023) *The Limits of the No-Limits Partnership*. Available at: www.foreignaffairs.com/china/limits-of-a-no-limits-partnership-china-russia; (Accessed: 21 August 2024). Fong, C. and Albert, E. (2024) *The China-North Korea Relationship*. Available at: www.cfr.org/backgrounders/china-north-korea-relationship (Accessed: 21 August 2024).

193 Tian, Y.L. and Chen, L. (2023) *Chinese military purge exposes weakness, could widen*. Available at: www.reuters.com/world/china/sweeping-chinese-military-purge-exposes-weakness-could-widen-2023-12-30 (Accessed: 21 August 2024).

194 Rowlands, K. and Hampshire, E. (2022) *The Chinese navy: From minnow to shark*. Available at: www.gestrategy.org.uk/research/the-chinese-navy-from-minnow-to-shark (Accessed: 21 August 2024).

195 Piekos, W. (2024) *In the Pacific Islands, US delay is an invitation for China to step in*. Available at: www.atlanticcouncil.org/blogs/new-atlanticist/in-the-pacific-islands-us-delay-is-an-invitation-for-china-to-step-in (Accessed: 21 August 2024).

China has also been openly pushing its territorial claims; its growing military assertiveness is leading to nervousness amongst its neighbours, prompting them to strengthen their own defensive capabilities.¹⁹⁶ The Himalaya and first, second, and third island chains are now not the limits of Chinese military expansion, rather they are geographic markers of progress from local to regional to global power status. China has out-built the United States in most military categories over the last decade; it has aircraft carriers and fifth generation fighters. However, it is yet to introduce a third generation-equivalent nuclear submarine, and it is still in the midst of optimising its command and control capabilities.¹⁹⁷

Today, despite Beijing's wishes, there is no Sinocentric world order and the current global hegemon – the United States – maintains a very significant military presence across the Indian and Pacific Oceans and on the Asian landmass.¹⁹⁸ It has key alliances with Japan, South Korea, Australia, and the Philippines and it operates numerous military bases and conducts regular joint exercises with regional partners. It dominates in the central and eastern Pacific and, further west into the Indian Ocean, it has a long-established presence in the Middle East with close ties with the Gulf Cooperation Council. It also has a growing bilateral relationship with India. These are all important factors because they enable the continued operation of the current global system. In effect, they maintain the status quo and safeguard the international flow of trade, energy and information – including Chinese. Despite Chinese progress and American political difficulties, the United States and its allies remain the predominant bloc, particularly after the US pivot to Asia began under the Obama administration.¹⁹⁹

As perhaps the closest Indo-Pacific ally of the United States, Japan hosts seven major American military bases providing facilities for the US army, air force, marine corps, and navy. Besides those, Japan also maintains one of the most technologically advanced armed forces in the world. Its Maritime Self-Defence Force (MSDF) in particular plays a vital role in ensuring regional security and stability, particularly in the East China Sea where tensions with China over the disputed Senkaku/Diaoyu Islands persist.²⁰⁰ It is also increasing defence spending and becoming more muscular militarily after decades of near-pacificism after defeat in the Second World War; its 2014 reinterpretation of its own post-war constitution is making a difference.²⁰¹ Like Japan, South Korea hosts a significant U.S. military presence and keeps a modern and capable military force of its own. Tensions with North Korea, exacerbated by Pyongyang's nuclear and missile programmes, remain Seoul's key security focus.²⁰²

Southeast Asian countries, collectively represented by the ASEAN, have more diverse security concerns but generally seek to maintain a balance of power and avoid being drawn into major power rivalries. Some ASEAN members, such as Vietnam and the Philippines, have maritime disputes with China in the South China Sea and have been enhancing their defence capabilities accordingly.²⁰³

Australia, a culturally if not geographically Western ally, has been resetting its defence capabilities in recent years. Already a regular participant in various multilateral security initiatives and joint military exercises to promote stability and security, Australia's 2023 Defence Strategic Review set the ambition for its military to morph from a 'balanced force' able to tackle a range of lower-level, sub-threshold tasks into a 'focused force' with an eye on major state-on-state conflict.²⁰⁴ Increased defence spending, deeper integration, and the development of a nuclear submarine capability with tri-lateral partners (AUKUS Pillar 1) sit alongside the development of innovative and disruptive technologies in autonomous systems, undersea warfare, and hypersonic missiles (AUKUS Pillar 2) and upgrading military bases, especially in the north of the country.²⁰⁵

196 IISS. *The Military Balance*. Available at: www.iiss.org/publications/the-military-balance (Accessed: 21 August 2024).

197 RAND. *An Interactive Look at the U.S.-China Military Scorecard*. Available at: rand.org/paf/projects/us-china-scorecard.html (Accessed: 21 August 2024).

198 IISS. *The Military Balance*. Available at: www.iiss.org/publications/the-military-balance (Accessed: 21 August 2024).

199 The White House (2022) *Indo-Pacific strategy of the United States*. Available at: www.whitehouse.gov/wp-content/uploads/2022/02/U.S.-Indo-Pacific-Strategy.pdf (Accessed: 21 August 2024).

200 JMSDF. Available at: www.mod.go.jp/msdf/en (Accessed: 21 August 2024).

201 Lun, J. and Mills, C. (2015) *Japan: Abe's constitutional and security agenda*. Available at: commonslibrary.parliament.uk/research-briefings/sn07115 (Accessed: 21 August 2024).

202 Cho, S. (2024) *South Korea's Offensive Military Strategy and Its Dilemma*. Available at: www.csis.org/analysis/south-koreas-offensive-military-strategy-and-its-dilemma (Accessed: 21 August 2024).

203 IISS. *The Military Balance*. Available at: www.iiss.org/publications/the-military-balance (Accessed: 21 August 2024).

204 Australian Government Defence (2023) *National Defence: Defence Strategic Review 2023*. Available at: www.defence.gov.au/about/reviews-inquiries/defence-strategic-review (Accessed: 21 August 2024).

205 ASPI. *The Strategist on: "Defence strategic review"*. Available at: www.aspistrategist.org.au/dinkus/defence-strategic-review (Accessed: 22 August 2024).

With its large and modernising military, India similarly plays a crucial role in the Indo-Pacific security landscape. It is turning its back on low quality second-hand Russian equipment and now maintains a strategic partnership with the United States and conducts joint military exercises with various countries in the region. India's primary security concerns include its longstanding territorial disputes with China and Pakistan, as well as ensuring freedom of navigation in the Indian Ocean.²⁰⁶ India has historically faced a land threat from China with a disputed border to the north, war in 1962, and numerous skirmishes since, including clashes as recently as 2022. However, as Chinese Belt and Road investments have led to its 'string of pearls' across South Asia and the Indian Ocean, with facilities in Sri Lanka, the Maldives, Seychelles and Pakistan, New Delhi's military focus is increasingly on 'its' ocean. The Indian Maritime Strategy 2007 centred predominantly on maintaining the Indian Ocean as a favourable commercial and economic region. It shifted the priorities of the navy towards national security, describing choke points such as the Malacca and Hormuz Straits as frontier zones.²⁰⁷ Its later 2017 Joint Doctrine goes further and is notable for giving both land borders and the 'Indian Ocean Region' equal importance.²⁰⁸

Finally, the European military presence in the Indo-Pacific is relatively limited. However, historical and cultural ties, economic interests, and security concerns result in several countries permanently or periodically deploying forces there. France is the European country with the most significant military presence in the mega-region, with overseas territories and military bases in both the Indian and the Pacific Oceans, including Réunion, Mayotte, French Polynesia, New Caledonia, and French Southern and Antarctic Lands. The French military presence is primarily aimed at safeguarding its territories, protecting maritime trade routes and projecting power, but it also conducts regular joint military exercises with regional partners and participates in multinational security initiatives.²⁰⁹ Like France, the Netherlands has a colonial history in the Indo-Pacific, particularly in Indonesia, and the Dutch military occasionally conducts patrols and joint exercises alongside European and other regional partners, including the UK. Other European countries such as Germany and Denmark do not have a significant military presence in the Indo-Pacific, but they do often engage in diplomatic efforts and multilateral initiatives, including sending liaison officers to the U.S. Indo-Pacific Command in Hawaii to promote security, stability, and cooperation. European countries also contribute to international efforts to combat piracy, terrorism, and other transnational security threats affecting the Indo-Pacific, and the European Union invests in sustainable development programmes through its Global Gateway initiative.²¹⁰

The UK posture

The UK's ties with the Indo-Pacific are both historic and contemporary. The sun never set on the British Empire because, in part, so many of its imperial possessions were there. Some remain, including two of the 14 British Overseas Territories – Pitcairn in the Pacific and the Chagos archipelago which makes up the British Indian Ocean Territory.²¹¹ But perhaps it is the UK's 21st Century relationships which really shape its foreign, trade and defence policies. Post-Brexit trade agreements with Japan, Australia and New Zealand, closer ties with ASEAN, and accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (the CPTPP) are all important indicators of intent which benefit from bipartisan support. They also sit alongside older, equally critical factors such as the hydrocarbons supply chain from the Gulf.²¹² These are crucial because British defence policy is formed around three key objectives: protecting the UK, its people and territories; projecting British global influence; and promoting UK prosperity. Clearly, each applies in the Indo-Pacific multiplexity.

206 Jaybhay, R. (2023) 'India's Strategic Imperative: Internal Military Balancing Against China', *The Diplomat*, 26 June. Available at: thediplomat.com/2023/06/indias-strategic-imperative-internal-military-balancing-of-china (Accessed: 22 August 2024).

207 Integrated Headquarters, Ministry of Defence (Navy), Freedom to Use the Seas: India's Maritime Military Strategy, 2007.

208 Panda, A. (2017) 'India's 2017 Joint Armed Forces Doctrine: First Takeaways', *The Diplomat*, 28 April. Available at: thediplomat.com/2017/04/indias-2017-joint-armed-forces-doctrine-first-takeaways (Accessed: 22 August 2024).

209 France Diplomatie (2021) *France's Indo-Pacific Strategy Summary*. Available at: www.diplomatie.gouv.fr/IMG/pdf/en_a4_indopacifique_synthese_rvb_cle068e51.pdf (Accessed: 22 August 2024).

210 European Commission, *Global Getaway*. Available at: commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en (Accessed: 22 August 2024).

211 UKOTA. Available at: ukota.org (Accessed: 22 August 2024).

212 Foreign Affairs Committee (2024) *Tilting horizons: the Integrated Review and the Indo-Pacific – Government Response to the Committee's Eighth Report of Session 2022–23*. Available at: publications.parliament.uk/pa/cm5804/cmselect/cmfaff/630/report.html (Accessed: 22 August 2024).

The Integrated Review of 2021 and its refresh in 2023 reaffirmed the UK's broad strategic direction.²¹³ They made the case for increased British engagement in the Indo-Pacific and for the UK to become 'the European partner with the broadest and most integrated presence' there. The corresponding 2021 and 2023 Defence Command Papers set out in turn more detailed plans for enhanced military engagement, with a particular emphasis on maritime presence and other activities to strengthen co-operation and develop capability partnerships.²¹⁴

The UK has long been part of the Five Eyes intelligence community along with Australia, Canada, New Zealand and the United States – all Indo-Pacific nations – and of the Five Power Defence Arrangements with Australia, Malaysia, New Zealand and Singapore. AUKUS has been added to the list and there are close bilateral ties with a multitude of actors from Japan and South Korea to the Gulf states.²¹⁵ Capability development partnerships have grown, too, not least the Global Combat Air Programme to build sixth generation aircraft in partnership with Japan and Italy.²¹⁶ In addition, the UK has now applied to join the ASEAN Defence Ministers Meeting Plus alongside other dialogue partners, further signalling commitment and involvement in the Indo-Pacific.²¹⁷ British armed forces are there throughout, building relationships, enhancing operational effectiveness, developing new equipment, and helping to keep trade routes open, all the time working closely and collaboratively with the United States.

It is worth briefly recounting the UK's permanent defence presence in the Indo-Pacific. There is a strategically important joint UK-US military base in the British Indian Ocean Territory, support facilities in Singapore, Bahrain and Oman, and an army garrison in Brunei. Two offshore patrol vessels are permanently deployed to the western Pacific and there is now a Littoral Response Group operating in the western Indian Ocean, along with the longstanding naval, air and land presence in the Middle East – Europe's gateway to the megaregion. There are enduring contributions to the Five Power Defence Arrangements (FPDA), the UN mission in Korea, and standing maritime coalition forces in the Persian/Arabian Gulf and the Gulf of Oman. The UK has established British Defence Staffs in South East Asia (based in Singapore) and in Oceania (based in Australia), organisations which work with a network of over 20 resident and non-resident defence attaches.²¹⁸ This is a big permanent footprint, but it is further enhanced by periodic deployments from carrier strike groups, multinational joint exercises, and even long-range non-stop military air transport flights to the Pacific demonstrating British capability to operate with or without access, basing and overflight rights from third parties.²¹⁹

Assessing the balance

Technologists, journalists and commentators are wont to assess national strength through quantitative measures like personnel, missile range and payload capacity, as well as types and numbers of equipment. Such measures are, by and large, false representations of military balance. The effectiveness or otherwise of military instruments are largely subjective, or dependent on the ability of the opponent countering them. Such one-dimensional assessments have consistently led to over-estimations of strength and failed to accurately predict military outcomes. In the most recent example of this, few foresaw Ukraine surviving beyond the first 72 hours of Russia's invasion in 2022, citing the Russian military's overwhelming disparity in personnel, equipment, and

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- 213 Cabinet Office (2021) *The Integrated Review 2021*. Available at: www.gov.uk/government/collections/the-integrated-review-2021 (Accessed: 22 August 2024). Cabinet Office (2023) *Integrated Review Refresh 2023: Responding to a more contested and volatile world*. Available at: www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world (Accessed: 22 August 2024).
- 214 Ministry of Defence (2021) *Defence in a Competitive Age*. Available at: www.gov.uk/government/publications/defence-in-a-competitive-age; (Accessed: 22 August 2024). Ministry of Defence (2023) *Defence Command Paper 2023: Defence's response to a more contested and volatile world*. Available at: www.gov.uk/government/publications/defence-command-paper-2023-defences-response-to-a-more-contested-and-volatile-world (Accessed: 22 August 2024).
- 215 Defence Committee (2024) *UK Defence and the Indo-Pacific: Government Response to the Committee's Eleventh Report of Session 2022–23*. Available at: publications.parliament.uk/pa/cm5804/cmselect/cmdfence/465/report.html (Accessed: 22 August 2024).
- 216 Ministry of Defence (2023) *Convention on the establishment of the 'Global Combat Air Programme (GCAP) - International Government Organisation'*. Available at: www.gov.uk/government/publications/convention-on-the-establishment-of-the-global-combat-air-programme-gcap-international-government-organisation (Accessed: 22 August 2024).
- 217 Foreign Commonwealth Office and Foreign Commonwealth & Development Office (2023) *UK-ASEAN factsheet*. Available at: www.gov.uk/government/publications/uk-asean-factsheet/uk-asean-factsheet-2 (Accessed: 22 August 2024).
- 218 Defence Committee (2024) *UK Defence and the Indo-Pacific: Government Response to the Committee's Eleventh Report of Session 2022–23*. Available at: publications.parliament.uk/pa/cm5804/cmselect/cmdfence/465/report.html (Accessed: 22 August 2024).
- 219 Royal Air Force (2023) *Royal Air Force Atlas carries out longest ever flight for Pacific air exercise*. Available at: raf.mod.uk/news/articles/royal-air-force-atlas-carries-out-longest-ever-flight-for-pacific-air-exercise (Accessed: 22 August 2024).

vaunted capabilities. Yet, two years later, the Russian Black Sea Fleet has been forced to vacate its primary base at Sevastopol and has been denied control of the littoral by a country without a conventional navy, and the ground offensive can appear just as reminiscent of the trenches of the First World War as of Information Age combat. The balance today is not the same as tomorrow's; what we go into a fight with on day one is rarely what we fight with on day two. Adaptation and evolution can shift the scales far quicker than assessments predict.

Nor should we focus on military capability without understanding its place in the wider range of government instruments. Diplomacy, economics, as well as the harnessing of public and international opinion all matter. Not all problems or disputes can be solved with a unilateral application of a hammer; sometimes, collaborative leverage is required. China's approach to all of these facets of government capability and international relations are transactional in character, something that precludes common interest and objective attainment. The result is a scenario where the threat, if not actual use, of the hammer is the only tool open to it, and one where it cannot rely on the good will of supposed partners or tribute states. All of these point to a contested reality where the 'balance' – if it exists – is distinctly one-sided.

This contrasts with other approaches in the region. There is no single, anti-China alliance in the same way that the North Atlantic Treaty Organization (NATO) was founded as an anti-Soviet alliance on the other side of the world. Instead, there is an interconnected web of partnerships, alliance structures, dialogues and regional fora where consensus and mutual interests interlink, knitting together otherwise divergent forces. In such circumstance, it is not the singular perspective of combined or relative might, of quality and/or quantity in addition or opposition, but of collective will and vision. Neither need be universal, because tolerance within limits creates resilience and strength; few allies share ideals and objectives in totality. They do, however, need to come from mutual understanding, respect, an ability to learn from the world around them, and a sense of community. It is the combined mass of those interests that tilts the scales. That, and economics.

China and the problem of alliance management

Harry Halem

Introduction

It is increasingly obvious that China poses a profound strategic, political, and moral challenge to the United States (US)-led international system. This challenge clearly implicates the interests of the United Kingdom (UK) and the European powers, along with the Eurasian Rimland states in Asia – Japan, Taiwan, the Philippines – other Western-oriented actors like Australia and Israel, and states like India that are under direct threat from Chinese expansion. A Chinese-dominated Eurasian system cannot be bargained with while maintaining the quality of life that preserves the European and British polities. Putting aside the ideological invective of Chinese Marxist-Maoism with Xi Jinping's characteristics, the reality is that the Chinese political economic system requires unequal relations with those of its neighbours, as a market-based system would simply destroy the Chinese Communist Party (CCP). Hence, Europe and the UK face a profound threat to their ways of life from Chinese expansion, since Chinese dominance in Eurasia would make it difficult, if not impossible, for the UK and Europe to sustain social market economies with reasonably high standards of living.

A central question for policy, particularly from the British perspective, however, is whether the UK's American and European allies can align their priorities and objectives in Eurasia. This is a fundamental strategic issue for the UK, since an integrated Eurasian Rimland coalition is eminently capable of containing Chinese expansionism and combatting the spread of Chinese political and economic influence, but a poorly-coordinated Rimland system, and particularly one that has friction with the US, will be vulnerable to various forms of Chinese pressure.

This analysis addresses the problem of alliance management in three parts. First, it identifies the broader divergence of interests and actions between the US and Europe, particularly emphasising the difficulties of harmonising threat perception and aligning strategic conceptions of Europe and the Middle East, two regions of fundamental, if secondary, importance to Chinese strategy. Second, it reviews the issue sets, primarily over technological development, trade, and financing. Third, it will articulate the choice between a *burden-sharing* construct and one of *strategic partnership*, with some thoughts on the UK's preferences.

The strategic problem

China's objectives are reasonably obvious after 12 years of uninterrupted rule by Xi Jinping. The CCP's political economic model is incapable of maintaining the *de facto* social contract of the 1990s and 2000s, which was based upon rising living standards, due to the natural realities of corruption in state capitalist systems and the threat of middle class development.²²⁰ Absent real deregulation and protections for property rights, economic growth can still occur, but after a certain point, those with political access will become capable of monopolising this economic expansion, leading to the corruption of the 2000s.²²¹ Deregulation and a market transition would reduce corruption, but it would also create a real middle class, and in turn, an economic and political actor well beyond the CCP's control. China's paradox, quite obviously grasped by Xi and the Central Committee, is that resorting to a traditional market growth model undermines political stability, and the hybrid approach of the post-Cold War decades that did trigger growth is also unsustainable. The CCP's transition to a more muscular,

220 *Financial Times* (2023) 'The breakdown of China's social contract', 1 November. Available at: www.ft.com/content/d7b9db0a-9275-48ad-be3a-99afcc6bbf4c (Accessed: 22 August 2024).

221 Huang, Y. (2015) *The Truth About Chinese Corruption*. Available at: carnegieendowment.org/posts/2015/05/the-truth-about-chinese-corruption?lang=en (Accessed: 22 August 2024). Wedeman, A. (2022) 'The Dynamics and Trajectory of Corruption in Contemporary China', *The China Review*, 22(2), pp.21-48. Available at: www.jstor.org/stable/48671498 (Accessed: 22 August 2024).

aggressive, acquisitive foreign policy stems from this reality.²²² Not only is the CCP attempting to generate an ideology that binds Chinese society together, it is also striving towards an international economic system that places Beijing at the centre, allowing it to maintain control over its population while simultaneously keeping hundreds of millions of urban-designated Chinese materially satisfied.

The military elements of Chinese strategy are most apparent in Asia, particularly in the South China Sea, where China has sought to establish escalation dominance over the Philippines and Vietnam, and the East China Sea, where China seeks to absorb Taiwan, humble Japan, and integrate the Asian littoral states into a broader mercantilist empire.

However, China's strategy is Eurasian in scope, meaning it has a strategic approach to all of Eurasia's regions. This stems from the reality of the US-based global economic and security system, which, when viewed more concretely, is more specifically a Eurasian economic and security system. East Asia may be the 'centre of gravity' of the global economy, but it relies upon stable energy flows from the Middle East, and shipping and capital access from Europe. The system is an interconnected strategic whole that cannot be reduced simply to the sum of its parts.

The UK, sitting as an island nation between the European continent and the United States, is at the heart of a potential counter-Chinese coalition. Indeed, the possibility of a broad coalition against it is China's greatest weakness. Beijing has only one formal ally, the Democratic People's Republic of Korea (DPRK), which provides as many costs in diplomatic disruption and economic support as it does benefits as a buffer against the Republic of Korea (ROK) and Japan and a spoiler internationally.²²³ Its other partners – Russia, Iran, increasingly Pakistan, Cuba, and Venezuela – all provide varying degrees of leverage. But they also require financing. The Russian economy is running hot after two years of sanctions pressure, a transition to wartime production, a conscription-tightened labour market, and human and financial capital flight.²²⁴ Even a ceasefire would likely keep sanctions in place, increasing Russia's long-term reliance upon Chinese technology and cash. Iran has some leverage over Russia, but the Islamic Republic's regional expansion contains initial signs of strain, including the end of energy subsidies for Syria and Lebanon.²²⁵ In the event of a major Levantine war, Iran will be responsible for Syrian and Lebanese reconstruction, adding to budgetary pressure, which Iran will turn to China to alleviate. Pakistan, Cuba, and Venezuela all have a variety of obvious economic issues as well. Beijing can maintain overwhelmingly one-sided relationships with these powers for a time, but at some point, one or more of these partners will require a major financial injection.

By contrast, despite the effects of inflation and friction within the Atlantic Alliance, the potential members of a Rimland anti-China coalition remain far more solvent. Moreover, the combined power of even the Rimland powers – India, Japan, South Korea, Australia, Vietnam, and the Philippines, undergirded by the UK, Europeans, and US – can balance Chinese power if these countries integrate capabilities.

The UK is in a curious position, with the potential to serve as the central node in a Eurasian coalition. The US, despite its political dysfunction, has settled upon bipartisan elements of a long-range China policy, centring upon high-tech export controls to hamstring Chinese artificial intelligence (AI) development and an attempted manufacturing rejuvenation.²²⁶ Europe is also drifting towards a more confrontational, or at least realistic, stance.

222 Rudd, K. (2022) *Xi Jinping, the Rise of Ideological Man, and the Acceleration of Radical Change in China*. Available at: asiasociety.org/policy-institute/xi-jin-ping-rise-ideological-man-and-acceleration-radical-change-china (Accessed: 22 August 2024). Grzywacz, J. (2023) 'How Xi Jinping Used the CCP Constitution to Cement His Power', *The Diplomat*, 26 January. Available at: thediplomat.com/2023/01/how-xi-jinping-used-the-ccp-constitution-to-cement-his-power (Accessed: 22 August 2024).

223 Fong, C. and Albert, E. (2024) *The China-North Korea Relationship*. Available at: www.cfr.org/backgrounder/china-north-korea-relationship (Accessed: 22 August 2024).

224 *The Moscow Times* (2023) 'Russia Loses Record \$253Bln in Wartime Capital Flight', 24 July. Available at: www.themoscowtimes.com/2023/07/24/russia-loses-record-253bln-in-wartime-capital-flight-a81948 (Accessed: 22 August 2024). Klein, M.C. (2023) *Tracking Russia's Financial Outflows, Again*. Available at: theovershoot.co/p/tracking-russias-financial-outflows (Accessed: 23 August 2024). AFP (2024) 'Russia's High Inflation Persists in January Data', *The Moscow Times*, 14 February. Available at: www.themoscowtimes.com/2024/02/14/russias-high-inflation-persists-in-january-data-a84082; (Accessed: 23 August 2024). *The Financial Times* (2023) 'Russia's war economy leaves businesses starved of labour', 8 November. Available at: www.ft.com/content/dc76f0bb-cae2-4a3a-b704-903d2fc59a96 (Accessed: 23 August 2024).

225 Cropsey, S. (2024) 'The U.S. and Israel Play Into Iran's Hands', *Wall Street Journal*, 27 February. Available at: www.wsj.com/articles/the-us-and-israel-play-into-irans-hands-hamas-proxies-control-destroy-response-e02ca462 (Accessed: 23 August 2024).

226 Bradford, A. (2023) 'The Battle for Technological Supremacy: The US-China Tech War', in *Digital Empires: The Global Battle to Regulate Technology*, Oxford Academic.

A number of major European countries, including Italy, have quit China's Belt and Road Initiative.²²⁷ While the European Parliament has limited legislative power, it now frequently discusses and debates both Chinese human rights abuses and the economic threat China poses to Europe.²²⁸ Multiple European powers have begun 'de-risking', a Europeanised version of Washington's 'decoupling' under which limited elements of a supply chain are shifted away from China.²²⁹ Particularly front-line Eastern European states have also recognised the obvious parallels between Russia's invasion of Ukraine and China's threats against Taiwan, leading to a slow shift in Europe's broader approach to China policy.²³⁰

The broader forces that would underpin a truly integrated Rimland coalition are therefore emerging. However, there are two issues that must be remedied for that coalition to solidify. First, how divergent are the US and Europe on key trade, technology, and financing issues? Second, and more fundamentally, how might the European view of the China challenge be squared with the American view of the China threat? The UK has a role to play in answering both questions – although it must also determine the role it would like to play in the relationship between Europe and the US, alongside its approach to China.

Issue sets

Although military questions will ultimately determine the Pacific balance, and in turn the Eurasian balance, European coordination with the US and other Eurasian Rimland powers is of integral importance because of Europe's *technological capacity, trade volumes, and financial markets*. All three are of integral importance to China – and all three can be directed towards an anti-Chinese coalition. As it stands, there has been halting progress on harmonising each approach in the transatlantic relationship, but significant work remains.

Europe's technological access is of central importance to Chinese strategy because European AI and 5G development, semiconductor value chain companies, and research institutions are all world-leading. China has flatly stolen technology from Europe in the past, most obviously eating away at European wind turbine technology to become a global leader.²³¹ There is also extensive evidence of technology theft against semiconductor companies, along with educational espionage.²³²

China pursues similar tactics in Europe to those in the US. The question, however, is in what ways Europe can actually reduce technological contact with China to undermine Beijing's long-term competitiveness with the West. There are some signs of slowly-evolving policy, including the European Union's (EU) October 2023 decision to place high-end chips, AI, quantum computing, and genetic engineering under policy scrutiny, with various controls and regulations expected at some point in 2024.²³³ In turn, in late January the EU rolled out additional export screening mechanisms to control critical technology transfers, a move prompted in no small

227 Moens, B. (2023) *EU lines up 70 projects to rival China's Belt and Road infrastructure spending*. Available at: www.politico.eu/article/eu-sets-outs-projects-to-make-global-gateway-visible-on-the-ground (Accessed: 23 August 2024). Euractiv (2023) *Italy tells China it is leaving Belt and Road Initiative*. Available at: www.euractiv.com/section/china/news/italy-tells-china-it-is-leaving-belt-and-road-initiative (Accessed: 23 August 2024).

228 European Parliament (2024) *Human rights breaches in China, Sudan and Tajikistan*. Available at: www.europarl.europa.eu/news/en/press-room/20240112IPR16782/human-rights-breaches-in-china-sudan-and-tajikistan (Accessed: 23 August 2024). European Parliament (2023) *The EU must respond to Chinese efforts to change the rules-based order*. Available at: www.europarl.europa.eu/news/en/press-room/20231208IPR15781/the-eu-must-respond-to-chinese-efforts-to-change-the-rules-based-order (Accessed: 23 August 2024).

229 Benson, E. and Sicilia, G. (2023) *A Closer Look at De-risking*. Available at: www.csis.org/analysis/closer-look-de-risking (Accessed: 23 August 2024). Schaus, M. and Lannoo, K. (2023) *The EU's aim to de-risk itself from China is risky... yet necessary*. Available at: www.ceps.eu/the-eus-aim-to-de-risk-itself-from-china-is-risky-yet-necessary (Accessed: 23 August 2024).

230 en.mofa.gov.tw/Theme.aspx?n=3730&sms=294&s=128; Hsiao, R. and Chang, K. (2023) *Taiwanese Support for Ukraine: Humanitarian Aid, Economic Sanctions, and Volunteer Soldiers*. Available at: globaltaiwan.org/2023/06/taiwanese-support-for-ukraine-humanitarian-aid-economic-sanctions-and-volunteer-soldiers (Accessed: 23 August 2024). Kine, P. (2024) *Taiwan's leadership 'extremely worried' US could abandon Ukraine*. Available at: www.politico.com/news/2024/02/23/taiwan-leadership-u-s-ukraine-00143047 (Accessed: 23 August 2024).

231 Doffman, Z. (2019) 'China's Spies Accused Of Stealing EU Tech Secrets, Just As China And EU Agree Stronger Ties', *Forbes*, 11 April. Available at: www.forbes.com/sites/zakdoffman/2019/04/11/chinese-spies-accused-of-major-european-ip-theft-just-as-china-and-europe-agree-stronger-ties (Accessed: 23 August 2024). Jack, V. (2023) *Eyeing China, EU rushes to inflate sagging wind sector*. Available at: www.politico.eu/article/european-wind-power-package-eu-commission-green-energy-sector-game-changing-china-strength (Accessed: 23 August 2024).

232 Zachová, A. et al (2022) *EU academia accepts Chinese money in return for know-how*. Available at: www.euractiv.com/section/politics/news/eu-academia-accepts-chinese-money-in-return-for-know-how (Accessed: 23 August 2024).

233 Libeiro, J. (2023) *These are the four technologies the EU wants to protect, especially from China*. Available at: www.euronews.com/my-europe/2023/10/03/these-are-the-four-technologies-the-eu-wants-to-protect-especially-from-china (Accessed: 23 August 2024).

part by the realisation that European industry and innovation was central to the Russian military and economy prior to the Ukraine War.²³⁴ Of equal importance is the EU's belated attempt to limit or ban Chinese telecoms companies Huawei and ZTE access to their telecommunications networks, given these companies have direct ties to China's security and intelligence apparatus.²³⁵

Yet the difficulty is scale and harmonisation of policy: the EU's multiplicity of actors struggle to develop policy rapidly, while individual actions will be far less effective than broader controls. Moreover, unlike the UK, which has a centralised enforcement mechanism to oversee financial sanctions, even if it is still too small for purpose, the EU lacks a major enforcement tool.

Trade policy restrictions are increasingly crucial as well, considering China's aggressive attempts to eat away at European market share. China's model is simple: identify a crucial industry, protect that industry with domestic subsidies and state financing, and ultimately saturate foreign markets with far cheaper options than the West can provide. Automotive production is the most obvious case, as China floods the European market with electric vehicles in a bid to undermine German automotive manufacturing.²³⁶ A similar trend has occurred with personal electronics – beyond the US, Chinese personal electronics brands have an enormous market share throughout the Western world. This sort of industrial expansion has two impacts. First, it undermines domestic production, which hollows out European economies and leaves them hostage to foreign pressure. Second, it creates a domino effect for other trade elements by forging an extant bridgehead into a foreign market.

Perhaps the most critical, and currently most disjointed, element of European China policy *vis-a-vis* the US and UK is finance and investment. This stems from the long-term relevance of Chinese financial access in the event of serious Sino-American disruption. The Russian economy has survived despite being cut off from the SWIFT global payments system partly because of its ability to transact in non-dollar and non-Euro denominated currencies, namely in Renminbi, Rupee, and various Gulf Arab currencies. This works, and only partly at that, because the Ukraine War is fundamentally limited in scope, despite the ferocity of Russia's assault, allowing other currencies and payment mechanisms to remain available. During a Sino-American confrontation, it is difficult to imagine continued Chinese SWIFT access. This explains the central importance of China's Cross-border Interbank Payment System (CIPS) system, its alternative to SWIFT that transacts in Renminbi, and which has gathered nearly 1,500 participants in 113 countries. In the event of a crisis, if China can use CIPS-based Renminbi transactions to compensate for SWIFT loss, the broader Atlantic partnership could buckle.

Prospects

There are obvious steps that the UK, EU, and US could take to better harmonise trade, technology, and financial restrictions towards China. More fundamentally, however, the Atlantic powers must consider the structure of their relationship – they must confront a choice between a *burden-sharing construct* popular in American policy circles, and a *strategic partnership construct* that is riskier but, in the long run, more viable.

A burden-sharing construct is the most intellectually clean scheme for a Rimland coalition. This would involve a clear division of labour between the US and Europe, under which the European powers – likely including the UK – handle issues in their immediate geographical area, namely the deterrence of further Russian aggression, and potentially more limited deployments to the Middle East. This leaves the US with a free hand to solidify its Indo-Pacific position and transform its compartmentalised hub-and-spoke alliance system into a much broader, more integrated regional framework that actually combines the combat power its allies bring to bear.

234 Agence France-Presse (2024) *EU Tools Up to Protect Key Tech From China*. Available at: www.voanews.com/a/eu-tools-up-to-protect-key-tech-from-china/7455270.html (Accessed: 23 August 2024).

235 Kroet, C. (2024) *Most EU members not implementing Huawei, ZTE 5G ban, data shows*. Available at: www.euronews.com/next/2024/02/12/most-eu-members-not-implementing-huawei-zte-5g-ban-data-shows (Accessed: 23 August 2024).

236 Bermingham, F. (2024) *EU moves to slap retroactive tariffs on electric vehicles from China*. Available at: www.scmp.com/news/china/diplomacy/article/3254371/eu-moves-slap-retroactive-tariffs-electric-vehicles-china (Accessed: 23 August 2024).

The burden-sharing construct has obvious appeal. It is deeply American in its origin, insofar as US planners seldom actually have strategic considerations. That is to say, the relative power of the US in nearly every major conflict in its existence has made the outcome a foregone conclusion with the proper application of political will. The only exceptions to this rule are peripheral wars that, while strategically consequential, were somewhat removed from a narrow definition of US interest, meaning defeat in each conflict did not necessarily mean a complete unravelling of strategic position – arguably, Vietnam and Afghanistan fall into this category. It is therefore natural that US leaders and planners will look to split up tasks by geography, enabling an organised division of labour between the Atlantic powers that enables an Asian pivot.

There are two difficulties with this approach. First, it relies upon the US more coherently grasping the military fundamentals of the competition with China. It has yet to do so, instead overwhelmingly pursuing technological and trade restrictions while remaining committed to some sort of chimerical *detente*. Second, and more critically, it does not provide the US' non-Asian partners a place to articulate China policy.

This matters because the United States, despite the most vitriolic arguments of its left-wing critics, does not dominate an empire. It leads a coalition of individual states, each of which has its own national interest. Imperial rule has some benefits in a long-range strategic competition, since it allows the centre to make security policy and strategy for the unit as a whole, and direct resources to prioritise the greatest apparent threat. But the diktat of the centre is rarely accepted beyond the core, leading to obvious friction that undermines the transnational political unit itself, a fact as apparent in the Athenians' long war against the Spartans as in the British debates over policy towards Germany in the early 20th Century.

Perhaps the Europeans, and the UK, can be convinced to 'police' their own region, albeit only after several years at least of defence investment, military expansion, and coherent diplomacy that will undoubtedly require US strategic leadership. The issue, however, is that by embracing a burden-sharing construct, there is no clear reason for Europe, or the UK, to have a China policy whatsoever, even a 'security-focussed' China policy, since the task of the European powers is to monitor their local geography. As much as American policymakers might hammer home the strategic necessity of an EU China policy, by requesting and encouraging the European powers to limit their view solely to Europe and its immediate geographical neighbours, the US will rapidly sap any sort of broader geopolitical coherence from European capitals. Moreover, it will foster resentment amongst the most ambitious and strategically coherent of European partners, even if those partners, like Emmanuel Macron's France, make inexplicable and at times infuriating choices.

A strategic partnership model that actually encouraged the European powers, including the UK, to take an active role in an anti-China coalition would be far more coherent in the long-term. It would give the Europeans an incentive to understand and formulate policy towards China with some legitimate stake in the game, rather than hectoring the European powers about insufficient action.

The UK is, despite its economic difficulties and political vacillation, the only power capable of driving forward a strategic partnership model. The foundation of the Anglo-American special relationship is *intellectual*, not material. The UK is the only other Atlantic power that looks at strategic questions in a similar manner to the US, both because of its long strategic history as a Eurasian maritime empire, and because of its continued relationships with East Asian, Middle Eastern, *and* European actors. No European power maintains this set of relationships, or invests so much diplomatic, strategic, and political attention and capital in relationships beyond the European continent. Hence, the UK can serve as an essential Atlantic bridge between the Americas and Europe.

The difficulty, and the danger, is that a model of strategic partnership does allow Europe to make independent choices *vis-a-vis* China, particularly on the technology, trade, and financial issues discussed above. The US must accept some daylight on long-term policy development with Europe if a strategic partnership is to be solidified over time. And that partnership may well devolve absent careful alliance management. Yet history reminds us that alliance politics are at the heart of long-range competition – avoiding this reality is more damaging than embracing it.

The most difficult reality that the UK must face is this: absent a strategic partnership between Europe and the US, London risks increasing geopolitical irrelevance *both* when European/Russian questions are considered *and* in Asia. For even a commitment to three per cent of GDP on defence will not rapidly provide the UK with a military role in Europe, while its exit from the EU creates natural and unmistakable friction with France and Germany in the long term, alongside decreasing its attractiveness to Eastern European partners. The only coherent way for the UK to build enough strategic leverage to influence decisions in Europe and the Americas is by attempting to bridge the European Continent and the United States. Hence it can be seen that China policy, while not existential for British survival, is undeniably central for the UK's ability to influence the world around it.

China, Taiwan and the United Nations

Gray Sergeant

'Taiwanese are to Chinese as Australians to Englishmen and have an equal aversion to absorption by the motherland ... By any measurement an independent Taiwan would have greater claim to United Nations representation than many countries now represented'.²³⁷

Thomas Duffy, British Consulate Tamsui, 1971

Most great powers will want to reshape the global order, and the international organisations which constitute it, to suit their own interests. The People's Republic of China (PRC) is no exception. In one sense, this is welcome. It is better than Beijing attempting to fundamentally overturn the existing order. Or, worse still, simply seeking to sow chaos, like Russia today.

Traditionally, it has also been thought that China's behaviour could be constrained, or even changed, as it operated in existing bodies. Of course, the risk always was that China might change them, in a way detrimental to the interests of the United Kingdom and others seeking to promote a liberal international order.

Today, this risk is even more real. Not only is the PRC able, with growing strength, to influence international institutions and their members but it is now keener to do so under General Secretary Xi Jinping, who has articulated grand foreign policy goals for his country. Indeed, Beijing's bending of the United Nations (UN), and its bodies and specialised agencies, to its own ideals in recent years is a clear demonstration of this.

The Human Rights Council is a notable example. Here, Beijing won votes to promote their illiberal redefinition of human rights and block criticism of human rights abusers.²³⁸ In recent years, Xi Jinping's key phrases have been embedded within institutions across the UN, including their documents. These include 'win-win cooperation' and 'community of shared future'.

China also uses its weight in the UN to legitimise and advance its expansionist territorial claim to Taiwan. While this is a longstanding issue it has, in recent years, become a more prominent problem as the prospects of a peaceful resolution to cross-strait differences diminish while the case for separate Taiwanese representation has grown.

Get out and stay out

UN General Assembly Resolution 2758, passed in 1971, gave the People's Republic the organisation's China seat and 'expel[led] forthwith the representatives of Chiang Kai-shek'.²³⁹ Since then Beijing has ensured, with minor exceptions (discussed later in this chapter) that the people of Taiwan have had no representation in the General Assembly or UN specialised agencies such as the International Civil Aviation Organization (ICAO) or the World Health Organization (WHO). It has also used Resolution 2758 to legitimise its 'One China' principle, as seen in the PRC's latest White Paper on Taiwan, which states:

'This resolution settled once and for all the political, legal and procedural issues of China's representation in the UN, and it covered the whole country, including Taiwan. It also spelled out that China has one single seat in the UN, so there is no such thing as "two Chinas" or "one China, one Taiwan"'.²⁴⁰

237 Tamsui to FCO, no.49, 19 June 1971, FCO 21/815.

238 Piccone, T. (2018) *China's long game on human rights at the United Nations*. Available at: www.brookings.edu/articles/chinas-long-game-on-human-rights-at-the-united-nations (Accessed: 23 August 2024).

239 UN General Assembly (1971) *Restoration of the lawful rights of the People's Republic of China in the United Nations*. Available at: digitallibrary.un.org/record/192054?ln=en&v=pdf (Accessed: 23 August 2024).

240 Embassy of the People's Republic of China in the United States of America (2022) *White Paper: The Taiwan Question and China's Reunification in the New Era*. Available at: us.china-embassy.gov.cn/eng/zgyw/202208/t20220810_10740168.htm (Accessed: 23 August 2024).

This is, however, a distortion. Resolution 2758 referred only to removing the representatives of Taiwan's then leader and made no reference to the island's status or its future representation in the UN.

After Taiwan became a democracy in the 1990s, successive governments have routinely sought membership of the UN and its specialised agencies, or alternative forms of participation in these bodies. Recently, the country's president, Lai Ching-te, called the PRC's interpretation of 2758 a 'misinterpretation' and an act of 'lawfare'.²⁴¹

Why Taiwan's exclusion matters

Taiwan's exclusion from the UN is a glaring anomaly. Over 20 million Taiwanese remain unrepresented in a body which boasts to be 'the world's only truly universal organisation'.²⁴² The situation is made all the more absurd given that Taiwan is far from a pariah or failed state but a leading democracy in Asia, has an economy the size of Switzerland (partly powered by the production of advanced, globally important, semiconductors), and has over 100 representative offices in over 50 countries around the world.

While the above should be sufficient, the case for Taiwan's inclusion in the UN system is further bolstered on global security and wellbeing grounds. On the one hand, Taiwan's exclusion prevents the country's government from easily accessing information important for the safety of its citizens, for example, timely updates on new standards and recommended practices from the International Civil Aviation Organization (ICAO).²⁴³ On the other, it prevents Taiwan from contributing its expertise and insights to benefit the global good. The obvious example here is the WHO's decision to marginalise Taiwan during the recent pandemic. Given the country's previous experience handling SARS and its swift response during the early days of Covid-19, it is not difficult to imagine that the world's response to the outbreak in Wuhan would have been better had Taiwan had a proper platform to be heard from.

China's successful attempts to exclude Taiwan from the UN are also relevant to Beijing's broader campaign of coercion against Taiwan and growing concerns about a future crisis across the strait.

Firstly, Beijing uses international participation as a tool to punish Taiwan. Taiwan only obtained observer status (under the name 'Chinese Taipei') at the World Health Assembly, the governing body of the WHO, between 2009 and 2016 when the Kuomintang's Ma Ying-jeou served as the country's president. During this period, cross-strait relations thawed as leaders on both sides could agree that there was One China with a formula called – despite differences over what 'One China' actually meant – the 1992 Consensus. Since the Democratic Progressive Party, who do not subscribe to this formula, came to power in 2016, Taiwan has been shut out of the health body.

In doing this, Beijing, no doubt, hopes to demonstrate to the Taiwanese people that their government is unable to properly promote and safeguard their interests. Moreover, through continued international isolation Beijing is seeking to heighten fears of abandonment amongst the Taiwanese people and foster a sense that resistance to 're-unification' is futile.

Secondly, with the distortion of Resolution 2758 the PRC seeks to legitimise its 'One China' principle and claims to Taiwan. In doing so, Beijing is pre-emptively justifying any unilateral measures it takes against Taiwan, and by extension delegitimising opposition. It is notable that in recent years this distortion has been regurgitated elsewhere. When the Central American Parliament stripped Taiwan of its observer status, Resolution 2758 was cited, and the country's independence brought into question. Meanwhile, this year, the Government of the Republic of Nauru stated that they would 'be moving to the One-China Principle that is in line with UN Resolution 2758' when it switched diplomatic recognition from Taipei to Beijing.²⁴⁴

241 Office of the President, ROC (Taiwan) (2024) *President Lai addresses Inter-Parliamentary Alliance on China Summit*. Available at: english.president.gov.tw/News/6791 (Accessed: 23 August 2024).

242 Fernanda Espinosa, M. and Turk, D. (2021) 'Building an inclusive, networked UN', *The Jordan Times*, 27 June. Available at: jordantimes.com/opinion/project-syndicate/building-inclusive-networked-un (Accessed: 3 September 2024).

243 Glaser, B.S. (2013) *Taiwan's Quest for Greater Participation in the International Community*. Available at: www.csis.org/analysis/taiwans-quest-greater-participation-international-community (Accessed: 23 August 2024).

244 Glaser, B.S. and deLisle, J. (2024) *Exposing the PRC's Distortion of UN General Assembly Resolution 2758 to Press its Claim Over Taiwan*. Available at: www.gmfus.org/news/exposing-prcs-distortion-un-general-assembly-resolution-2758-press-its-claim-over-taiwan (Accessed: 23 August 2024).

The United Kingdom's approach

His Majesty's (HM) Government 'supports Taiwanese participation in international organisations as a member where statehood is not a prerequisite and as an observer or guest where it is.' This also includes 'support for Taiwan as an observer at the World Health Assembly and participation in relevant WHO technical meetings'.²⁴⁵

While this position has been long standing, the UK has been more vocal in articulating this in recent years, particularly in relation to health. The British Office Taipei, alongside other (de-facto) embassies in Taiwan, have recently begun publishing an annual joint statement calling for Taiwan's meaningful participation in the WHO and observer status at its governing body, the World Health Assembly (WHA).²⁴⁶ In May 2022, the UK's then Health and Social Care Secretary said in his address to the WHA, 'there is clearly no health basis to justify not including Taiwan'.²⁴⁷

Bilaterally, Taiwan and the UK signed a memorandum of understanding on health cooperation. The agreement is aimed at deepening existing health collaboration, in areas such as pandemic preparedness and digital health, through information sharing, visits and joint workshops.²⁴⁸

Multilaterally, the UK participates in the Global Cooperation and Training Framework (GCTF), an alternative body which Taiwan and the US established in 2015. In 2021, the Chief Medical Advisor of NHS Test and Trace at Public Health England and Britain's representative in Taiwan participated in a seminar on the Covid-19 vaccine rollout. The UK has also been involved in other GCTF workshops covering other areas.

HM Government has not publicly challenged Beijing's distortion of Resolution 2758 – unlike officials from both the Trump and Biden administrations. This year Mark Lambert, China Coordinator at the US State Department, stated that the resolution 'did not endorse, is not equivalent to and does not reflect a consensus for China's One-China principle.' Its passage did not, he added, 'constitute a UN institutional position on the ultimate political status of Taiwan' nor preclude Taiwan from participating in the UN system or other multilateral fora.²⁴⁹

While HM Government has not articulated its positions on Resolution 2758, it seems unlikely that they would concur with Beijing's misinterpretation. The UK has long regarded Taiwan's status as 'undetermined'.²⁵⁰ When the UK first voted for the PRC's admission into the UN, in 1961, the UK's Permanent Representative there stated that its vote did not prejudice this position, nor his country's view that 'the question as to who should represent Formosa in the UN is also undetermined'.²⁵¹

Developing a more comprehensive response

Taiwan's exclusion from the world stage frustrates knowledge exchange and cooperation, promotes feelings of isolation amongst the Taiwanese, and helps justify Beijing's expansionist claims. HM Government clearly recognises some of these problems. If it wishes to enhance Taiwanese participation in international organisations and further mitigate the consequences of exclusion listed above it will have to both firmly challenge Beijing in pre-existing bodies and creatively find alternative avenues outside of the UN system for interactions and inclusion. Such steps could include:

245 Foreign Affairs Committee (2024) *Tilting horizons: the Integrated Review and the Indo-Pacific – Government Response to the Committee's Eighth Report of Session 2022–23*. Available at: publications.parliament.uk/pa/cm5804/cmselect/cmfaff/630/report.html (Accessed: 23 August 2024).

246 British Office Taipei (2024) *Support for Taiwan's meaningful engagement with the WHO in 2024*. Available at: www.gov.uk/government/news/support-for-taiwans-meaningful-engagement-with-the-who-in-2024 (Accessed: 23 August 2024).

247 Department of Health and Social Care and Javid, S. (2022) *UK Health and Social Care Secretary address at World Health Assembly*. Available at: www.gov.uk/government/speeches/uk-health-and-social-care-secretary-address-at-world-health-assembly (Accessed: 23 August 2024).

248 British Office Taipei (2023) *The MOU on Health Cooperation between the UK and Taiwan*. Available at: www.gov.uk/government/news/the-mou-on-health-cooperation-between-the-uk-and-taiwan (Accessed: 23 August 2024).

249 The German Marshall Fund of the United States (2024) *Exposing the PRC's Distortion of UN General Assembly Resolution 2758 to Press its Claim Over Taiwan*. Available at: www.youtube.com/watch?v=bUU_P-QQ3vc (Accessed: 23 August 2024).

250 Hansard (1955) *Formosa And The Pescadores (Treaties) Volume 536: debated on Friday 4 February 1955*. Available at: [hansard.parliament.uk/Commons/1955-02-04/debates/01cf7b1a-c182-4560-a093-fab1147e4fe0/FormosaAndThePescadores\(Treaties\)](https://hansard.parliament.uk/Commons/1955-02-04/debates/01cf7b1a-c182-4560-a093-fab1147e4fe0/FormosaAndThePescadores(Treaties)) (Accessed: 23 August 2024).

251 Sergeant, G. (2023) *Expanding Taiwan's international participation*. Available at: www.geostrategy.org.uk/britains-world/expanding-taiwans-international-participation (Accessed: 23 August 2024).

- Continuing to call for Taiwan’s meaningful participation and observer status in the WHO, and other UN specialised agencies. The UK should lobby other governments to sign joint statements and ensure that its own calls are consistently echoed at the highest ministerial levels.
- Deepening UK-Taiwan bilateral cooperation, including in health, and publicising the achievements of such efforts. Additionally, the UK should explore other areas where greater cooperation with Taiwan would be mutually beneficial. Such efforts could also be supplemented with ministerial visits to Taiwan, including Cabinet-level visits, in areas beyond trade (see Table 1 for examples of such visits under the last Labour government).
- Expand the UK’s involvement in Taiwan’s GCTF, in terms of workshop participation, and seek to become a full partner alongside the US, Japan, Australia, and (as of August 2024) Canada.²⁵²
- Invite Taiwanese officials and experts to participate in bodies where Beijing does not wield in veto, such as G7 meetings.²⁵³
- Clarify HM Government’s interpretation of Resolution 2758. Such a declaration should include whether the UK believes the resolution passed a judgement on both Taiwan’s status and its representation at the UN. If the UK Government wished to be less direct about this, it could simply state that the 1971 question of Chinese representation was entirely separate from the question of sovereignty over Taiwan.

Table 1: UK ministerial visits to Taiwan under the last Labour Government (1997-2010)

1998	Ian McCartney, Minister of State, Department for Trade and Industry (DTI).
1999	Brian Wilson, Minister for Trade, DTI.
2000	Richard Caborn, Minister for Trade, DTI.
2001	Alan Johnson, Minister for Competitiveness, DTI; Henry McLeish, First Minister, Scotland.
2002 (February)	David Jamieson, Department for Transport, Local Government and the Regions.
2002 (March)	Lord Sainsbury, Parliamentary Under Secretary of State for Science and Innovation.
2003 (March–April):	Nigel Griffiths, DTI Minister for small business.
2003	Alan Johnson, Minister of Employment.
2007	Lord Adonis, Parliamentary Under Secretary of State for Schools, Minister of State for Education.
2009	Gareth Thomas, Minister of State at the Department for Business, Enterprise and Regulatory Reform and the Department for International Development, and Minister responsible for UK Trade and Investment.

252 Canadian Trade Office in Taipei | 加拿大駐台北貿易辦事處 (CTOT) (2024). Facebook post, 1 August. Available at: www.facebook.com/CANADATPE/posts/pfbid032RXuKR9gBz8Yc5Rznggz7J7fWdT9fNHEKC5ERjcefXE73ePgdRgrAmb6vPMj4hE7l (Accessed: 23 August 2024).

253 Sergeant, G. (2021) 'We Don't Need to Wait on the UN to Expand Taiwan's International Role', *The Diplomat*, 6 May. Available at: thediplomat.com/2021/05/we-dont-need-to-wait-on-the-un-to-expand-taiwans-international-role/?fbclid=IwY2xjawErmWJleHRuA2FibQixMQABHT4S-COKdA4F68p4rgt-hA9Hta-caovreEZtrJ_mPIEY9fHLxPhRTQJDsOQ_aem_N4D6AkTxkvRCm4eKU-MlIQ (Accessed: 23 August 2024).

How do we balance threats to human rights with our relationship with China? Trading with a forced labour superpower

Lord Alton

Where does our desire for human rights sit within the UK relationship with China?

There is nothing enormously fantastical about the real-time dangers posed by the dragon in the Middle Kingdom of China.²⁵⁴ China has made no secret of its desire to create an entirely new world order, distinct from the Western rules-based liberal international order. Despite Chinese President Xi Jinping's carefully choreographed public relations meetings with U.S. President Joe Biden in 2022 and 2023, he is determined to create the circumstances in which he can assert the hegemony of the Chinese Communist Party (CCP).²⁵⁵ He has positioned himself at the head of an axis – where he is accompanied by President Putin, North Korean leader Kim Jong-un and Iran's Ayatollah Ali Khamenei.

The threat is not uniquely from this new axis alone. We too are the problem. Too often in the West, we seem to have an intrinsic challenge in our lack of resilience and even belief in our civilizational values. We too often forget in Britain who we are and what made us who we are.²⁵⁶

But do not let that deflect from the very real problems with China's human rights record and the challenges these pose to our relationship. When we are presented with evidence of a trading partner involved in the destruction of a people's identity, or involved in mass surveillance, not least in Xinjiang, which has had over one million Uighur Muslims interned in camps for use as forced labour, what do we do? What do we say to those involved in forced labour and enforced slavery, or involved in the uprooting of people and the destruction of communities?

We now know from our recent experience with Hong Kong that the Chinese leadership has destroyed 'one country, two systems' and introduced 'national security' laws that have strangled democracy, with masses of pro-democracy activists, legislators, journalists and others incarcerated. The heroic stand of the jailed British citizen Jimmy Lai, puts him on a par with Tank Man.

Meanwhile, in Britain, we seem to sit in a holding pattern of incoherent strategy, moral ambiguity and tacit consent for a changing political order in which President Xi tightens his internal grip on power, consolidates his embrace over international institutions – and undermines the West's ability or willingness to uphold the rules-based order.²⁵⁷ The CCP wants hegemony for its ideology – wholly antithetical to the values on which liberal democracies are founded.

If we cast our minds back to our post-war human rights commitments and read the 30 Articles of the 1948 Universal Declaration of Human Rights (UDHR) and try to find provisions that China has not breached, it is very clear that CCP has unleashed a crackdown on civil society, lawyers, bloggers, journalists and dissidents across China. Article 19 of the UDHR – the right to seek information and express opinions – is breached every single day. All the while, religious persecution remains a hallmark of the CCP. We only need to look to the predicament of Tibet's Buddhists, Xinjiang's Uyghur Muslims, Chinese Christians, Falun Gong practitioners, or the arrest of

254 Alton, D. (2024) *The threat from China is no fairytale*. Available at: www.gisreportsonline.com/r/threat-from-china (Accessed: 6 March 2024).

255 Ibid.

256 Ibid.

257 Ibid.

the venerable Cardinal Joseph Zen.^{258 259} As we continue to raise these concerns, our trading relationship with China prevails relatively unscathed.

What to do with our 'Buy China' policy?

Last year, the UK Intelligence and Security Committee of parliament published a damning report on China. The report says that China has penetrated 'every sector' of the UK's economy, while recognising that Falun Gong is perceived by the CCP as one of the greatest domestic threats to its rule.²⁶⁰ Far too many institutions and corporations overlook the origins of its capital or the use of slave labour in places such as Xinjiang province in China.²⁶¹ The old but very popular counterargument that trade brings liberal democracy now haunts us – and could not be said to be true in China, Saudi Arabia or Iran.²⁶²

During the pandemic, a vast amount of taxpayers' money was paid to firms in the People's Republic of China for producing personal protective equipment (PPE). That same amount of money could have been used to improve quality of life, save lives and reduce our dependency on the Chinese Communist Party. It could have been used to enhance the national resilience of this country, not least if we face further national emergencies, such as another pandemic.²⁶³

We know that around one in five cotton garments sold globally contain cotton or yarn from Xinjiang,²⁶⁴ and the region also manufactures a significant amount of the world's polysilicon to make solar panels.²⁶⁵ Given my past attempt to strengthen the Modern Slavery Act's provisions on supply-chain transparency, a subject of a Private Member's Bill that I introduced in the House of Lords, it becomes clear that big vested interests have done all in their power behind the scenes to prevent the promises of past ministers from being acted on. We should ensure we have proper integrity in our procurement policies; protecting the British state from the taint of association with slave labour – and better still, create a framework and timescale for taking action.²⁶⁶

It took a tough parliamentary campaign to stop vested interests having too great an influence on the government when giving China control of 5G telecommunications. It then took another campaign to get Chinese surveillance cameras out of deeply sensitive sites, including military sites. The next campaign is already centring on Chinese-made electric cars – or even simply Chinese-made cellular modules that are components in non-Chinese-made cars and other electronic equipment – which could be used for surveillance. The lack of action to identify and protect UK citizens and assets from known threats represents a serious failure.

258 Alton, D. (2022) *Speaking at the Washington Summit Lord Alton said that "religious persecution is a hallmark of the CCP. Think of Tibet's Buddhists; Xinjiang's Uyghur Muslims; Chinese Christians, and Falun Gong practitioners. Think of the arrest of the venerable Cardinal Joseph Zen. That the CCP regime is a member of the United Nations Human Rights Council is a sick joke. Every minute of every day the CCP breaks Article 18 of the Universal Declaration of Human Rights which guarantees freedom of religion or belief for every citizen, everywhere."* Available at: www.davidalton.net/2022/06/30/speaking-at-the-washington-summit-lord-alton-said-that-religious-persecution-is-a-hallmark-of-the-ccp-think-of-tibets-buddhists-xinjiangs-uyghur-muslims-chinese-christians (Accessed: 5 March 2024).

259 Alton, D. (2022) *UK Government Urged Today To Call Out China In The UN Human Rights Council For Violations of Human Rights In Xinjiang And Hong Kong. Ministers Asked To Name Which of The 30 Articles in the Universal Declaration of Human Rights China is not in breach – and whether we have called out China in the UN Human Rights Council.* Available at: www.davidalton.net/2022/04/27/uk-government-urged-today-to-call-out-china-in-the-un-human-rights-council-for-violations-of-human-rights-in-xinjiang-and-hong-kong-ministers-asked-to-name-which-of-the-30-articles-in-the-universal (Accessed: 5 March 2024).

260 Alton, D. (2023) *Speech Delivered by David Alton (Lord Alton of Liverpool) at Parliamentary Event in Committee Room G on July 17th 2023: Forced Organ Harvesting and Falun Gong.* Available at: www.davidalton.net/2023/07/17/speech-delivered-at-parliamentary-event-in-committee-room-g-on-july-17th-2023-forced-organ-harvesting-and-falun-gong-this-really-is-a-major-problem-the-next-big-human-rights-scandal-in-china-afte (Accessed: 5 March 2024).

261 Alton, D. (2023) *Prospects for democratic capitalism.* Available at: www.gisreportsonline.com/r/democratic-capitalism (Accessed: 6 March 2024).

262 Alton, D. (2023) *Genocide and the fight for humanity.* Available at: www.gisreportsonline.com/r/fight-for-humanity (Accessed: 6 March 2024).

263 Alton, D. (2022) *Modern Slavery Amendment Incorporated Into The Health Bill to Prevent NHS Procurement Of Goods Tainted By Modern Slavery – like those produced by forced labour of Uyghur Muslims in Xinjiang.* Available at: www.davidalton.net/2022/04/26/modern-slavery-amendment-incorporated-into-the-health-bill-to-prevent-nhs-procurement-of-goods-tainted-by-modern-slavery-like-those-produced-by-forced-labour-of-uyghur-muslims-in-xinjiang (Accessed: 5 March 2024).

264 Kelly, A. (2020) 'Virtually entire' fashion industry complicit in Uighur forced labour, say rights groups', *The Guardian*, 23 July. Available at: theguardian.com/global-development/2020/jul/23/virtually-entire-fashion-industry-complicit-in-uighur-forced-labour-say-rights-groups-china (Accessed: 2 September 2024).

265 BBC News (2021) *China uses Uyghur forced labour to make solar panels, says report.* Available at: www.bbc.co.uk/news/world-asia-china-57124636 (Accessed: 2 September 2024). And U.S. Department of Labor. *Traced to Forced Labor: Solar Supply Chains Dependent on Polysilicon from Xinjiang.* Available at: www.dol.gov/sites/dolgov/files/ILAB/images/storyboards/solar/Solar.pdf (Accessed: 2 September 2024).

266 Alton, D. (2022) *Why the NHS needs to stop buying products made by Uyghur slave labour in the CCP's Genocide State of Xinjiang.* Available at: www.davidalton.net/2022/02/01/why-the-nhs-needs-to-stop-buying-products-made-by-uyghur-slave-labour-in-the-ccps-genocide-state-of-xinjiang (Accessed: 5 March 2024).

Instead of a confusing approach in dealing with China, we need to make it clear that it is perfectly possible to admire the people, culture and civilization of China while opposing the brutal CCP dictatorship that rules China, currently led by Xi Jinping. China represents an epoch-defining threat and systemic challenge to liberal democracies like the UK and we have been asleep at the wheel.²⁶⁷

So, what can the British authorities and citizens do?

There are a number of steps ministers can take to alleviate and defend our human rights position while maintaining trade links:

- Government requires a cross-departmental strategy to remove China-made surveillance cameras not only from government departments but from the UK procurement supply chains as a whole.²⁶⁸
- There must also be a complete review of our policy towards slave labour states.²⁶⁹
- That the Chinese Communist Party thinks the Commonwealth is worth infiltrating and subverting should be regarded as a badge of honour, a reason for strengthening and broadening its reach. It has been disappointing that the previous British governments have been so indifferent to the Commonwealth's potential. Although King Charles, as head of the Commonwealth, is not hereditary and is mainly symbolic, the role provides him with an amazing reach into a network of 56 Commonwealth countries. They have a combined population of more than 2.5 billion people.²⁷⁰
- By learning from US bipartisan legislation, we should be producing our own watertight legislation, creating a rebuttable presumption that all goods sourced from Xinjiang are unethically produced, unless clear and persuasive evidence could be provided to the contrary. This is another Five Eyes country, and one of our closest allies.²⁷¹
- When it comes to challenging authoritarianism and scrapping companies and actors that do their bidding from our procurement supply chain, we are greatly behind our Five Eyes partners, like Australia and the bipartisan approach evidenced very early on in the United States. We must better co-ordinate procurement policies with our allies.²⁷²
- Together, with our partners, we need to simultaneously stay the course in Ukraine, the Middle East and the Far East. We can do this through the strengthening of hard power alliances – through the North Atlantic Treaty Organization (NATO) and AUKUS. Equally, together we can achieve this through smart power, in networks like the Commonwealth, our development programmes and through the open promotion of our shared values with like-minded nations.
- As for the United Nations, if it is to survive and not become part of this new world order, it must be fundamentally reformed. Those who believe in it must lead by example and be relentless in exposing its subversion and corruption. Its principal mission must be to protect the sovereignty of all nations, from the Levant to the Horn of Africa, from Ukraine to Myanmar, from Taiwan to the Korean Peninsula, and wherever people are oppressed or at risk, stand with them and do more than make weak tea and offer statements of concern.²⁷³

267 Alton, D. (2024) *The threat from China is no fairytale*. Available at: www.gisreportsonline.com/r/threat-from-china (Accessed: 6 March 2024).

268 Alton, D. (2022) *Procurement Bill – procurement of goods made in states credibly accused of genocide and states using slave labour*. Available at: www.davidalton.net/2022/05/26/procurement-bill-procurement-of-goods-made-in-states-credibly-accused-of-genocide-and-states-using-slave-labour (Accessed: 5 March 2024).

269 Alton, D. (2022) *Today's Debate on NHS Procurement From States Accused of Slave Labour. Amendment passed. Content 177 Not Content 135 Majority 42*. Available at: www.davidalton.net/2022/04/05/todays-debate-on-nhs-procurement-from-states-accused-of-slave-labour-amendment-passed-content-177-not-content-135-majority-42 (Accessed: 6 March 2024).

270 Alton, D. (2023) *The challenges facing King Charles III*. Available at: www.gisreportsonline.com/r/king-charles-challenges (Accessed: 6 March 2024).

271 Alton, D. (2022) *Why the NHS needs to stop buying products made by Uyghur slave labour in the CCP's Genocide State of Xinjiang*. Available at: www.davidalton.net/2022/02/01/why-the-nhs-needs-to-stop-buying-products-made-by-uyghur-slave-labour-in-the-ccps-genocide-state-of-xinjiang (Accessed: 5 March 2024).

272 Alton, D. (2022) *Procurement Bill – procurement of goods made in states credibly accused of genocide and states using slave labour*. Available at: www.davidalton.net/2022/05/26/procurement-bill-procurement-of-goods-made-in-states-credibly-accused-of-genocide-and-states-using-slave-labour (Accessed: 5 March 2024).

273 Alton, D. (2024) *The threat from China is no fairytale*. Available at: www.gisreportsonline.com/r/threat-from-china (Accessed: 6 March 2024).

- Our policy must challenge the dependency we have developed on a troubling regime. The more dependent we become on firms whose ties with the Chinese state extend as far as the construction of Xinjiang’s surveillance technology, the harder it becomes to pursue a genuinely credible stance. The deeper our dependency becomes, the harder it is to stand for our values.²⁷⁴
- Steps should be taken to ensure that high-risk vendors credibly accused of egregious abuses of human rights, such as complicity in the modern slavery of Turkic Muslims in the Xinjiang Uyghur Autonomous Region in China, will be excluded from being beneficiaries.²⁷⁵ Profiteering on the labour of enslaved Uighurs should either be a criminal offence under British law or not.²⁷⁶
- Fundamentally, procurement should strengthen national resilience. It should reduce dependency on states which pose a risk to our national security. It should protect British manufacturing from competitors that use slave labour, or grossly exploited labour. Our policy must send a signal to the private sector that it is simply unethical to buy cheap goods from states where citizens are being subjected to appalling inhumanity and abuse of human rights.²⁷⁷
- What if, today, all retailers were required to label goods from China as ‘made in a state credibly accused of slave labour’? Consumers, in a powerful exercise of democratic capitalism, could then make informed choices about whether they want to use their purchasing power to prop up any regime responsible for cruelty.
- We know that many Gen Z consumers are willing to pay more for products that are environmentally sustainable. But, if we are to take credible moral positions, would Gen Z and the rest of us be willing to pay more for products that are not produced by forced labour? Would this generation be willing to boycott products made in countries credibly accused of human trafficking? If we all knew of the horrific origins of many of the products we purchase, the answer would be a resounding yes.
- Some will of course object to this truth-through-labelling approach as simplistic or point out that governments have already enacted bills like the Modern Slavery Act 2015 in the United Kingdom and the Uyghur Forced Labor Prevention Act 2021 in the United States. These are important steps, but we also need consumers and businesses to recognise and make the sacrifice of passing over products made in places like Xinjiang Province. Many of the goods we order from retailers or buy in our local stores are produced by slave labour.²⁷⁸
- By ensuring government legislates to require internet retailers to declare countries of origin of items to purchasers in advance of their sale, we can enable consumers to decide for themselves if they want to buy products made in a state accused of using slave labour.²⁷⁹

274 Alton, D. (2020) *Huawei’s Human Rights Record Has Been Shamefully Ignored*. Available at: thediplomat.com/2020/02/huaweis-human-rights-record-has-been-shamefully-ignored (Accessed: 6 March 2024).

275 Alton, D. (2020) *House of Lords Debate at the Committee Stage of the Telecommunications Bill. Peers call for Huawei and other international companies to demonstrate that they do not use Uighur slave labour in Xinjiang and a call for democracies to unite around a new Helsinki Process to hold the Chinese Communist Party to account for violations of human rights: Helsinki with Chinese Characteristics*. Available at: www.davidalton.net/2020/05/19/house-of-lords-debate-at-the-committee-stage-of-the-telecommunications-bill-peers-call-for-huawei-and-other-international-companies-to-demonstrate-that-they-do-not-use-uighur-slave-labour-in-xinjiang (Accessed: 5 March 2024).

276 Alton, D. (2020) *House of Lords Debate at the Committee Stage of the Telecommunications Bill. Peers call for Huawei and other international companies to demonstrate that they do not use Uighur slave labour in Xinjiang and a call for democracies to unite around a new Helsinki Process to hold the Chinese Communist Party to account for violations of human rights: Helsinki with Chinese Characteristics*. Available at: www.davidalton.net/2020/05/19/house-of-lords-debate-at-the-committee-stage-of-the-telecommunications-bill-peers-call-for-huawei-and-other-international-companies-to-demonstrate-that-they-do-not-use-uighur-slave-labour-in-xinjiang (Accessed: 5 March 2024).

277 Alton, D. (2022) *Procurement Bill – procurement of goods made in states credibly accused of genocide and states using slave labour*. Available at: www.davidalton.net/2022/05/26/procurement-bill-procurement-of-goods-made-in-states-credibly-accused-of-genocide-and-states-using-slave-labour (Accessed: 5 March 2024).

278 Alton, D. (2023) *Article in America Magazine: Saying no to slave labour: Younger consumers are demanding the truth – and in the DRC children and slave labour are used in mines to provide the CCP with cobalt*. Available at: www.davidalton.net/2023/12/02/article-in-america-magazine-saying-no-to-slave-labour-younger-consumers-are-demanding-the-truth-and-in-the-drc-children-and-slave-labour-are-used-in-mines-to-provide-the-ccp-with-cobalt (Accessed: 5 March 2024).

279 Alton, D. (2023) *Government should legislate to require internet retailers to declare countries of origin of items to purchasers in advance of their sale. Then consumers can decide if they want to buy products made in a State accused of using slave labour and committing Genocide*. Available at: www.davidalton.net/2022/03/31/government-should-legislate-to-require-internet-retailers-to-declare-countries-of-origin-of-items-to-purchasers-in-advance-of-their-sale-then-consumers-can-decide-if-they-want-to-buy-products-made (Accessed: 5 March 2024).

Tackling transnational repression in the UK

Andrew Chubb

Introduction

The Chinese Communist Party (CCP) is almost certainly the most impactful perpetrator of transnational repression (TNR) – cross-border interference with the exercise of basic rights – in the UK. Using techniques ranging from direct personal violence and crude bounties designed to inspire intimidation and harassment, through to pressure on targets’ relatives, and subtler techniques of outsourced platform censorship and the threat of digital surveillance, the party-state possesses unparalleled ability to impose costs on an expanding array of individuals beyond its borders for exercising their fundamental political rights in the UK. The CCP is by no means the only perpetrator of TNR: the issue affects an expanding array of groups, including various diaspora communities, journalists, academics and legal professionals.

Defending democracy in the UK requires the establishment of an independent, statutory Transnational Rights Protection Office (TRIPO) as part of the UK’s national human rights protection institutions. This establishment of a TRIPO will provide, first and foremost, a central, accessible, trusted point of contact for targets of TNR to report cases and obtain support. Mirroring the functions of the Equality and Human Rights Commission (EHRC), which focuses on domestic sources of human rights violations, the new office should monitor the situation of TNR in the UK, advising government and non-government stakeholders to develop independent policy proposals and mechanisms to penalise perpetrators and enable access to redress for targets. Establishing such an institution will make the UK a world leader in ensuring democratic resilience against the cross-border political and technological challenges of the 21st Century’s contested world, and stands to deliver significant benefits to UK national security.

Transnational repression in the UK

The CCP’s documented techniques for interfering with the exercise of basic rights in the UK range from direct personal violence and crude bounties designed to inspire intimidation and harassment, through to pressure on targets’ relatives, and subtler techniques of outsourced platform censorship and the threat of digital surveillance. With its combination of advanced capabilities and institutionalised Leninist systems of overseas political work, the party-state possesses unparalleled ability to impose costs on UK individuals and groups for exercising their fundamental political rights.

Yet the PRC’s targets are not facing this problem alone. The emergence of new digital communications technologies and rising authoritarian power has enabled an expanding array of perpetrators to engage in TNR. The NGO, Freedom House has documented instances of TNR by more than 40 states targeting émigrés.²⁸⁰ Nor is the issue limited to diasporas: mainstream journalists, activists, academics and even lawyers have increasingly been targeted, including pro-democracy Hong Kong tycoon Jimmy Lai’s international legal team.²⁸¹ A diverse and expanding array of groups and individuals now face intensifying infringements on their exercise of basic rights — and even professional functions — due to TNR.

Security agencies in several countries have shown an interest in TNR as an aspect of ‘foreign interference.’ But rolled together with election security, espionage, cyber infiltration, covert lobbying and foreign-sourced political corruption, TNR has often fallen to the bottom of the priority list. The problem is not that national security

280 Freedom House. *Transnational Repression*. Available at: freedomhouse.org/report/transnational-repression (Accessed: 2 September 2024).

281 UN Human Rights Council (2023) *Cooperation with the United Nations, its representatives and mechanisms in the field of human rights - Report of the Secretary-General (A/HRC/54/61) [EN/AR/RU/ZH]*. Available at: reliefweb.int/report/world/cooperation-united-nations-its-representatives-and-mechanisms-field-human-rights-report-secretary-general-ahrc5461-enaruzh (Accessed: 2 September 2024).

agencies have neglected most forms of TNR; this much is understandable, as TNR issues extend far beyond the relatively narrow intersections with national security. Rather, the real problem is that the UK's human rights protection institutions have not been equipped to exercise their functions of monitoring, reporting, advising government, and enabling redress for rights violations that originate beyond the UK's borders.

Existing policy responses

The UK's limited existing policy responses to TNR have been merged into broader categories of countering foreign interference and defending democracy. Foreign interference is a broad concept that also includes electoral interference, espionage, improper lobbying, elite co-optation, cyber intrusions and various other national security threats. In the UK, as elsewhere, this aggregated approach has limited the focus to the narrower national security dimensions of TNR — most obviously, the risk that individuals might be coerced into cooperation with PRC intelligence agencies.²⁸² Such a framing recasts targets of TNR as potential national security threat vectors, and is a partial and potentially discriminatory characterisation of the problem as a whole.

The Defending Democracy Taskforce (DDT) is reportedly performing important outreach functions among law enforcement and with civil society. But while law enforcement is a necessary step, the Taskforce's activities do not address most acts of transnational repression, as most TNR takes effect through offshore and mediated techniques, without any crime being committed on the physical territory in which the target is located.

Rights protection: The blind spot

The UK, and most other liberal democracies, have clear obligations under international human rights law to ensure, within the territory under its jurisdiction, the conditions for the exercise of the fundamental freedoms of speech, association and assembly. Specifically, under the International Covenant on Civil and Political Rights (ICCPR), states have the obligation to 'ensure within its territory' the rights in the Covenant, and 'ensure that any person whose rights or freedoms as herein recognized are violated shall have an effective remedy.' The International Covenant on Economic, Social and Cultural Rights (ICESCR), meanwhile, requires states to ensure the 'conditions safeguarding fundamental political and economic freedoms to the individual' and 'to guarantee that the rights enunciated... will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion.'

These obligations are currently going unmet, as far as TNR is concerned.

The independent statutory body responsible for ensuring the exercise of human rights in the UK, the EHRC, has been absent from discussions on the TNR and transnational human rights violations. At one level, this absence may be the practical result of resource constraints, but it likely also reflects the fundamental differences between domestic and international threats to the exercise of human rights in the UK. Tackling the technological, political and cultural complexities of transnational rights protection will require specialised focus and expertise.

The UK has the opportunity to lead the democratic world in updating its rights protection institutions to account for this reality.

282 Chubb, A. (2021) *PRC Overseas Political Activities*. Available at: eprints.lancs.ac.uk/id/eprint/159969/3/Chubb_2021_PRC_Overseas_Political_Activities_RUSI_compiled.pdf (Accessed: 2 September 2024).

Impact of the TRIPO

Defending democracy in the UK requires supporting the targets of TNR — which include Chinese dissidents, Uyghur exiles, Hong Kongers, and the expanding range of other communities, groups and individuals targeted — to exercise their rightful freedoms in the United Kingdom. To fulfil its obligations under international human right law, the UK government should establish an independent statutory Transnational Rights Protection Office (TRIPO) as part of the UK’s national human rights protection institutions.

Its core functions should include:

- Providing a central, accessible, trusted point of contact for targets of transnational human rights violations to report and obtain direct support;
- Monitoring and reporting upon the situation of transnational human rights violations in the UK;
- Advising government and non-government stakeholders to prevent the abuse of bureaucratic processes for TNR (for example, INTERPOL red notices);
- Developing policy proposals and mechanisms to penalise perpetrators of TNR;
- Engaging in collective advocacy internationally via membership of the inter-governmental Global Alliance of National Human Rights Institutions (GANHRI).

Establishing such an institution will make the UK a world leader in ensuring democratic resilience against the cross-border political and technological challenges of the 21st Century’s contested world.²⁸³

National security and national interest benefits

Taking TNR seriously as an encroachment on human rights in the UK means delivering significant benefits to UK national security.²⁸⁴ First, by providing a more accessible point of contact for the CCP’s targets and other communities facing TNR, it will collect data that enhances visibility on foreign state behaviour inside the UK. Second, it will improve confidence in the UK government among vulnerable groups, and enhance social cohesion. Third, it will generate evidence-based policy measures and sanctioning mechanisms at arm’s length from parliamentary politics.

As an independent statutory agency, the TRIPO’s database of reports would provide an evidentiary base with which to inform diplomatic representations, and other forms of government-to-government engagement. Cross-checking of the database could also be made part of other government departments’ processes on visas, entry, investment and other prerogatives, thereby integrating sanctions against TNR perpetrators into routine bureaucratic decision-making. In this way, the TRIPO could offer a mechanism to push back from a principled, rights-protection angle that is at arm’s length from political decision-making, and thus unlikely to attract retaliation.

Conclusion

The UK currently lacks a dedicated body to handle the specific types of challenges that transnational repression creates, and ensures that the UK meets its human rights obligations. TRIPO would provide a focal point for monitoring the issues, delivering direct support, and closing the blind-spot of transnational human rights violations in the UK. Doing so offers the opportunity to make the UK a world leader in ensuring democratic resilience against the cross-border political and technological challenges of the 21st Century’s contested world.

283 Chubb, A. (2023) *Meeting the Challenge of Transnational Human Rights Violations in the UK: The case for a Transnational Rights Protection Office*. Available at: fpc.org.uk/meeting-the-challenge-of-transnational-human-rights-violations-in-the-uk-the-case-for-a-transnational-rights-protection-office (Accessed: 2 September 2024).

284 Chubb, A. (2024) *Written evidence submitted by Andrew Chubb, Senior Lecturer in Chinese Politics and International Relations, Lancaster University*. Available at: committees.parliament.uk/writtenevidence/128865/html (Accessed: 2 September 2024).

Chinese interference in the UK's society and security: The United Front

Sam Dunning

In January 2022, MI5 issued a warning to MPs about Christine Lee, a British lawyer, political donor, and activist. The warning stated that Lee was ‘knowingly engaged in political interference activities on behalf of the United Front Work Department (UFWD) of the Chinese Communist Party (CCP)’ and had ‘acted covertly in coordination with the UFWD’.²⁸⁵ The Home Secretary at the time, Priti Patel MP, said that warnings of this kind would become ‘more commonplace’, though no similar alert has been issued since.²⁸⁶ Lee strongly denies wrongdoing and is suing MI5 over the allegations.²⁸⁷

The Lee alert in 2022 was the first time Britain’s security services had publicly referred to the UFWD. In fact, it is difficult to find any public reference to the UFWD from any British agency, ministry, parliamentarian, or parliamentary committee (including expert evidence) prior to 2022.

References to the UFWD by the agencies, committees, parliamentarians and so on of Britain’s Five Eyes allies began to proliferate from roughly 2014 onwards. This matched the growing number of high-profile scandals involving interference by UFWD-affiliated actors, itself tied up with the reform and expansion of the UFWD’s work under CCP Secretary Xi Jinping.²⁸⁸ Nonetheless, the UFWD was founded more than 80 years ago, and for most of that time has attracted little attention in the English-speaking world.

The ‘golden era’ China policy of the Cameron-Osborne government gave rise to a wave of UK-China events, programmes, partnerships and transactions in the arts, culture, science, academia, business, and industry. This involved the systematic promotion of UFWD proxies, agents, and friends, witting and unwitting and everything in between.

The Lee alert thus marked an obvious watershed. It also exposed the promotion of the United Front system by previous British governments, the lack of understanding of that system, and the gulf in understanding of and concern about it between a small handful of experts on the one hand, and the bulk of decision-makers in public bodies, the civil service, and politics on the other. The latter now find themselves urgently brushing up on their knowledge of this fundamental aspect of the operation of the CCP. What is the UFWD? What is the United Front system? What does it do and seek to do in the UK? Why does it matter? What might be done about it?

The United Front Work Department

The United Front Work Department is one of the six main departments of the CCP. The name derives from the ‘First United Front’ and the ‘Second United Front’ – two military alliances formed with the Kuomintang (Chinese Nationalist Party) first in the 1920s, against warlords, and second from 1937 to 1946, against the Japanese. The idea of the ‘United Front’ is in essence a basic strategic principle: to identify a minimal set of core enemies and to build as broad as possible a coalition of neutral and friendly forces to defeat those enemies.

285 Dyer, H. (2022) *MI5 issues a rare statement naming a woman it suspects is a Chinese agent and warning British politicians to avoid her*. Available at: www.businessinsider.com/british-mps-warned-by-mi5-to-avoid-woman-suspected-to-be-china-agent-2022-1 (Accessed: 2 September 2024).

286 McGuinness, A. (2022) *Chinese spy: Alerts about foreign interference in British politics will become more common, Priti Patel tells MPs*. Available at: news.sky.com/story/chinese-spy-alerts-about-foreign-interference-in-british-politics-will-become-more-common-priti-patel-tells-mps-12518523 (Accessed: 2 September 2024).

287 Grierson, J. (2024) ‘MI5 alert on alleged Chinese mole may have been to distract from Partygate, tribunal hears’, *The Guardian*. Available at: theguardian.com/uk-news/article/2024/jun/17/mi5-alert-about-alleged-chinese-mole-may-have-been-to-distract-from-partygate-tribunal-hears (Accessed: 2 September 2024).

288 See: in Australia, relating to Sam Dastyari and Huang Xiangmo (from 2015); in New Zealand, involving Simon Bridges (2018) and the campaign of intimidation against Professor Anne Marie Brady (from 2017); worldwide in relation to the Dalai Lama and the Dorje Shugden movement (2015); in Hong Kong (continuous, with growing Western attention from 2014 protests onwards). On reform/expansion, see Groot, G. (2018) ‘The Rise and Rise of the United Front Work Department under Xi’, *China Brief*, 18(7). Available at: jamestown.org/program/the-rise-and-rise-of-the-united-front-work-department-under-xi (Accessed: 2 September 2024).

Today's CCP is not formally at war. However, it conceives of itself as engaged in a political, ideological, economic, and cultural battle with various adversaries, especially secessionist forces in and around China (those in favour of independence for Hong Kong, Tibet, Xinjiang, Taiwan) and Western 'imperialist' forces, chiefly in the United States. The 'United Front work' for which the UFWD is responsible is therefore the creation of broad coalitions to facilitate the struggle against these adversaries.

Within China, the UFWD works to bring non-CCP elements of Chinese society into the CCP-led United Front through surveillance, sponsorship, exchange, manipulation and so on. Because the CCP is an authoritarian political party that monopolises power in China, with only seven per cent of the population being CCP members,²⁸⁹ this is broad-ranging and important work.

The UFWD is embedded at every level from the township to the province, from private companies to religious fellowships, hobbying and sports associations, academic organisations, universities, chambers of commerce, and so forth.

One of the most important remits of the UFWD is 'Overseas Chinese affairs work'. This reflects the fact that the CCP has an acute sense of the importance of communities of Chinese people overseas, in which it sees both threats and opportunities.

The foremost threat is political: the CCP fears that diasporic communities could become hotbeds of anti-CCP feeling and give rise to movements that could threaten CCP rule in China, fuel anti-CCP sentiment in other countries, or make alliances with foreign powers.

Many of the CCP's own early leading lights – such as Deng Xiaoping and Zhou Enlai – met each other or were shaped by experiences abroad (not least in France or the USSR).²⁹⁰ Chinese diasporic communities were important centres for other political movements in the early decades of the 20th Century, providing a haven for political exiles from the Qing or Republican governments, and a source of contacts and sponsorship. Sun Yat-sen, the most important figure of early Chinese nationalism who is referred to by the CCP as the 'Forerunner of the Revolution', spent most of his early life in Hawaii and was assisted in his early work by the Heaven and Earth Society, which had a strong base amongst Chinese diasporic groups.

The CCP also sees what it terms the 'Overseas Chinese' as a potential source of advantage and opportunity. The desire to transform Chinese nationals living overseas – and in some cases naturalised citizens of Chinese origin and even later-generation ethnic Chinese people – into 'a new force in unifying the motherland and revitalizing China' is laid out explicitly in UFWD material.²⁹¹ The idea is that by reaching out to such people through United Front work, the CCP can leverage them for political gain, but also use them as a vehicle for propaganda, and for forging advantageous (to the CCP) financial, economic, cultural, educational, scientific, industrial, academic and 'person-to-person' links.

To this end, the UFWD operates subsidiary and front organisations: from news platforms to bodies such as the Western Returned Scholars Association, the Chinese Overseas Friendship Association, and so on.²⁹² It also influences, sponsors, or seeks to engage with an even broader array of nominally independent groups. In some cases, the UFWD encourages people to establish a group and provides direct or indirect support. In the UK, such groups include coalitions of 'Overseas Chinese' higher education employees, financial professionals, businesspeople, students, and so on.

289 Grunberg, N. (2022) *Who is the CCP? China's Communist Party in infographics*. Available at: [merics.org/en/comment/who-ccp-chinas-communist-party-info-graphics](https://www.merics.org/en/comment/who-ccp-chinas-communist-party-info-graphics) (Accessed: 2 September 2024).

290 Deng and Zhou famously met in Paris. More broadly, see, for example, Wang, Nora. 'The Years in France of CCP Leaders, an Incentive to Radicalism: Fact or Myth.' *European Conference of Chinese Studies Proceedings (1988)*. Pp. 367-70. Available at: [jstor.org/stable/40855655](https://www.jstor.org/stable/40855655) (Accessed: 2 September 2024).

291 See, for example and for the source of the quoted phrase, 'The Relationship between Compatriots at Home and Abroad with Chinese Characteristics', which is a chapter of *A guide to China's United Front (中国统一战线教程, Zhongguo tongyizhanxian jiaocheng)*, Renmin University of China Press, 2013. A translation of this chapter has been published in the digital library of UK-China Transparency, [ukctransparency.org/wp-content/uploads/2024/06/The-Relationship-between-Compatriots-at-Home-and-Abroad-with-Chinese-Characteristics.pdf](https://www.ukctransparency.org/wp-content/uploads/2024/06/The-Relationship-between-Compatriots-at-Home-and-Abroad-with-Chinese-Characteristics.pdf) (Accessed: 2 September 2024).

292 Joske, A. (2020) *The party speaks for you*. Available at: www.aspi.org.au/report/party-speaks-you (Accessed: 2 September 2024).

It is important to emphasise at this point that United Front work, as it affects diasporic communities, constitutes an intelligent, sensitive, creative, constructive, and partly open strategy. Much of it is positively framed and perceived as desirable by certain portions of diasporic Chinese groups – especially where they are not aware of the UFWD or its hand in setting up a group or activity, or if they have not encountered the problematic side of the UFWD as it affects the CCP’s enemies amongst the ‘Overseas Chinese’. In engaging with United Front work, members of the diaspora may find enjoyment, a sense of belonging, and financial or other career-related opportunities.

This is by design: UFWD material emphasises the need for ‘Overseas Chinese affairs work’ to support and elevate Chinese traditional culture, to protect the rights of ‘Overseas Chinese’, and to provide useful services and opportunities to them. The Chinese economic boom of recent decades provides an obvious means of patronising ‘Overseas Chinese’ businessmen, but also scientists and artists. UFWD-promoted activities in the UK thus far this year have included a singing competition, an impressive array of Chinese New Year celebrations and activities, religious and cultural events, educational, academic and business networking activities.

The sinister aspects of ‘Overseas Chinese affairs work’ extend to surveillance, threats, defamation campaigns, cyber-attacks, and action taken against family members of targets –and here the UFWD involves other actors, such as China’s Ministry of Public Security or Ministry of State Security. However, a large part of the very point of United Front work is to influence people in such a way that as little as possible of this suppression is required, and that any suppression deemed necessary is as easy as possible to carry out in as controlled an environment as possible.

United Front work does not only target the Chinese diaspora in the UK. In as much as it involves formulating and promoting narratives advantageous to the CCP, using incentives and disincentives to bring neutral or undecided parties into relationships advantageous to the CCP, and covert coordination with Chinese security agencies, United Front work targets other groups too. There is clear evidence that target groups include British scientists, academics, business leaders, politicians, and cultural figures who have no ancestral connection to China.²⁹³

The UFWD is connected to efforts to exfiltrate British technology and expertise into China’s orbit via bodies such as the Western Returned Scholars Association.²⁹⁴ It is connected to efforts to facilitate the construction of business ties with China, to promote propaganda narratives, and to allay concerns about human rights issues in supply chains or about authoritarian overreach into the business sphere by the CCP. The UFWD is also connected to efforts to shape and curate our understanding of China through interference in academic spaces.²⁹⁵

The UFWD’s work is partly covert and partly open. It is also partly carried out by professional UFWD officials and partly carried out by a mixed cast of volunteers, agents, enthusiasts, wheeler-dealers, zealots, and well-meaning but ignorant people. These features of United Front work present free and open democratic societies with a quandary.

293 Intelligence and Security Committee of Parliament (2023) *China Report*. Available at: isc.independent.gov.uk/wp-content/uploads/2023/07/ISC-China.pdf (Accessed: 2 September 2024) attests to this. One prominent example is the 48 Group, the activities of which were extensively analysed in the press in 2020/21. UK-China Transparency’s work includes an investigation into the role of two individuals linked to the UFWD in formulating research partnerships between the UK and China, which involved the cooperation of a British university and its scientists, see UK-China Transparency (2024) *Imperial College London & the Chinese military*, ukctransparency.org/wp-content/uploads/2024/06/Imperial-College-London-the-Chinese-military.pdf (Accessed: 2 September 2024).

294 Grunberg, N. and Stec, G. (2024) *Whispering advice, roaring praises: The role of Chinese think tanks under Xi Jinping*. Available at: merics.org/en/report/whispering-advice-roaring-praises-role-chinese-think-tanks-under-xi-jinping (Accessed: 2 September 2024) citing Western Returned Scholars Association (Overseas-educated Scholars Association of China). *A Brief Introduction*. Available at: web.archive.org/web/20240325101233/http://www.wrsa.net/content_40128737.htm (Accessed: 2 September 2024).

295 Kwong, A. (2023) *Studying Abroad to Serve China: Research on the Systematic Threats of CSSAs in the UK*. Available at: henryjacksonsociety.org/wp-content/uploads/2023/11/Anson-Report.pdf (Accessed: 2 September 2024) Kwong documents how a the Chinese Students and Scholars Association UK (CSSAUK) describes itself as a directorate of the WRSA, a UFWD subsidiary. One of CSSAUK’s branches tried to disrupt a student-led event discussing events in Xinjiang, including by accusing its organisers of supporting terrorism. NB that individuals with connections to the UFWD have also directly funded UK academia. See, for example, “Research report on the Lau China Institute”, UK-China Transparency, July 2024, ukctransparency.org/wp-content/uploads/2024/07/Lau-China-Institute-REPORT-1.pdf

The UK's response since attitudes to China began to change in 2019 has been varied. Several pieces of legislation have some bearing on United Front work in the UK. The National Security Act 2023 may have the effect of criminalising some United Front work, subject to certain conditions. Of particular importance is the new general foreign interference offence, which will affect those who, 'for or on behalf of a foreign power', interfere with the exercise of a person's public functions or a Convention right (for example, free speech, assembly) in a way that involves an existing offence, or coercion, or misrepresentation.²⁹⁶

Regarding other parts of the Act, the extent to which United Front work may be affected will depend in part on interpretation. One critical question, which has not to date received much public attention, is whether the UFWD, which conducts intelligence work for a foreign regime but does so alongside other activities, should be understood as a 'foreign intelligence service'. As Paul Scott puts it, the new offences relating to such services include:

*'...intentionally assisting a foreign intelligence service in carrying out UK-related activities or engaging in conduct "that is likely to materially assist a foreign intelligence service in carrying out UK-related activities" where the person "knows, or having regard to other matters known to them ought reasonably to know, that their conduct is likely to materially assist a foreign intelligence service in carrying out UK-related activities". UK-related activities are those which take place in the UK or take place elsewhere but which are prejudicial to the safety or interests of the UK. It is also an offence to obtain, or agree to obtain, a material benefit from a foreign intelligence service (directly or indirectly) where the person knows or ought reasonably to know that the benefit in question is being provided by such a service.'*²⁹⁷

The Foreign Influence Registration Scheme provided for by the Act has not yet been implemented, but will also impact United Front work. Many forms of United Front work, however, are outside the scope of the Act.

Some scholars have suggested that an overly sweeping securitisation of United Front work risks being counterproductive.²⁹⁸ It has been suggested that some problems associated with CCP interference might be better dealt with by bodies such as the Equality and Human Rights Commission, by universities providing better support for Chinese students, by measures to protect academic freedom, and by support for independent Chinese-language media.

There is no doubt that some aspects of the CCP and the UFWD's activities in the UK must be dealt with not by the security services or even, in many instances, by government, but instead by civil society and the public: by journalists, academics, university administrators, students, business leaders, community leaders, and both local and national-level politicians.

Conclusion

To this end, first, more detailed information and research about United Front work and its effects is needed. Second, leaders must be willing to sacrifice time and resources to analyse information about CCP interference and act upon it.

The situation in the higher education sector is instructive in this regard. Over the past decade, university and student leaders have been disappointingly slow, for example, to acknowledge or act upon a growing body of evidence showing that the current behaviour of the CCP has created a crisis affecting the rights, freedoms, and safety of Chinese members of British universities.

UK-China Transparency (UKCT), the charity which I run, has worked extensively on raising awareness of this and had some success working to inform the English universities' regulator – but university leaders themselves have

296 UK Government (2023) *National Security Act 2023*. Available at: www.legislation.gov.uk/ukpga/2023/32/contents (Accessed: 2 September 2024); for a comprehensive analysis of the Act to date, see Scott, P.F. *State threats; security, and democracy: the National Security Act 2023*. Cambridge University Press.

297 Scott, op cit.

298 Chubb, A. (2022) *Rights protection: How the UK should respond to the PRC's overseas influence*. Available at: www.kcl.ac.uk/lci/assets/kssppolicy-no.2-2022-forweb.pdf (Accessed: 2 September 2024).

thus far largely failed to take proactive steps to protect academic freedom in relation to China and the CCP.²⁹⁹ This has been to neglect their ethical and legal responsibilities.

Vice-Chancellors could start by signing a collective statement publicly acknowledging that the CCP seeks to interfere with the rights and safety of Chinese members of their universities. They could follow this up by gathering data, devising better safeguarding policies, communicating with staff, and challenging Chinese diplomats where there are abuses. In specific instances where programmes clearly represent a systemic threat to the rights of university members, or in cases where a member has been harmed, depending on the exact nature of the situation, it looked as if English universities would have been compelled by the terms of the Higher Education (Freedom of Speech) Act to take action.³⁰⁰ However, the Act has been 'paused' by the new Labour government and may now be repealed.³⁰¹

There is no doubt that United Front work, as a pillar of the CCP's strategy, poses a range of challenges to the UK, our institutions, our freedoms, our prosperity – and indeed democracy worldwide. Key to addressing this phenomenon is a solid, fact-based understanding of what United Front work is. UKCT's approach to it is research-led: our goal is to establish the facts and draw attention to them.

This, however, is not easy. Few cases better illustrate the difficulty of producing top-drawer research on the UFD than that of one of the West's leading scholarly experts on it, Professor Anne-Marie Brady. As a result of her work, Brady's home and office were burglarised and her car was tampered with. Brady received threats and repeated calls in the middle of the night, and her friends in China were harassed by security forces.³⁰²

The CCP does not want us to understand the UFD and the critical role it plays in China and in China's interaction with the world. In light of this, there is one obvious step the UK could take to bolster its resilience – across government and society – to United Front work.

The government should divert an initial £10 million towards an independent Fund for Critical China Studies, laser-focused on the aspects of knowledge about the CCP and China that the CCP would rather remain inaccessible to us and has made difficult to pursue in British universities. Compared to the billions likely to be lost because of our ignorance about China and the CCP – through the undoing of 'golden era' nuclear deals, the removal of Huawei from our networks, our slow response to the spread of Covid-19, and PPE procurement failings – this would represent a tiny sum.

The Fund could provide sponsorship for paid roles, events and projects, boosting the wider China knowledge ecosystem and supporting business and technology leaders. Above all it would enhance research on the UFD and foreign interference, Chinese colonialism in Tibet, Xinjiang and elsewhere, CCP propaganda and espionage, the People's Liberation Army and Chinese military, Chinese diplomacy, Chinese domestic politics and corruption, and other sensitive topics.

The Fund could also sponsor projects that aim to 'make China experts of other experts', bringing in physicists, geneticists, virologists, sociologists, political economists by promoting work at the intersection of China studies and other disciplines. There are clearly respects in which interdisciplinary study of this kind could benefit our understanding of United Front work and the broader strategic ramifications of the CCP's rise.

For a relatively insignificant investment, the UK could start to remedy what all sides of the debate admit is the problem – a lack of knowledge. As the world becomes less stable and China's power grows, such an investment would doubtless pay dividends in the future.

299 UK-China Transparency (2024) *CCP Interference on Campus*. Available at: ukctransparency.org/projects-2/ccp-on-campus (Accessed: 2 September 2024).

300 Incidentally, evidence has begun to emerge that universities lobbied in favour of this 'pause' specifically because of the Act's ramifications for lucrative partnerships with Chinese entities. See, for example, The Telegraph, "Government dropped free speech law after universities feared for China interests", 2024, www.telegraph.co.uk/politics/2024/08/24/british-universities-lobbied-drop-free-speech/

301 Weale, S. and Quinn, B. (2024) 'Labour halts Tory law on freedom of speech in universities', The Guardian, 26 July. Available at: www.theguardian.com/education/article/2024/jul/26/labour-halts-tory-law-freedom-of-speech-universities-education (Accessed: 27 September 2024)

302 Roy, E.A. (2019) "I'm being watched": Anne-Marie Brady, the China critic living in fear of Beijing', *The Guardian*, 23 January. Available at: www.theguardian.com/world/2019/jan/23/im-being-watched-anne-marie-brady-the-china-critic-living-in-fear-of-beijing (Accessed: 2 September 2024).

Chinese interference in UK academia

Robert Clark

Introduction

There has been mounting concern since 2021 about the malign nature of Chinese Communist Party (CCP) interference in UK academia – in particular the role of Chinese funding in UK universities, and where this money originates from, especially regarding potentially bad faith actors heavily linked to the Chinese military. A report from 2023 discovered that up to one third of all Chinese funding for UK universities since 2017 is directly linked to the People’s Liberation Army (PLA), or to China’s military industrial complex.³⁰³

Whilst questions have been raised since 2021 regarding the Chinese military’s involvement in, and collaboration with, UK universities and research institutions,³⁰⁴ more recently there have been additional concerns related to the reliance on a disproportionate number of Chinese students relative to all other international students at UK universities – leaving many such universities potentially exposed and thus financially reliant on China.

The first concern pertains to the degree to which UK academia is awash with potentially harmful Chinese funding, and the consequences of such finance. This includes the penetration by the CCP of sensitive and dual-use British technology which the Chinese state are heavily invested in developing, in large part to facilitate their state-driven civil-military fusion strategy.

The second concern relates to the risks associated with UK university campuses’ reliance on an inordinately large fee-paying Chinese student population (as a part of the overall intake) poses to academic freedoms, potential student and faculty censorship, and the safety of students from Hong Kong, Taiwan, Tibet, mainland China, and the UK, who may pose alternative views to those of the CCP. These concerns are manifested in the various methods through which the Chinese state apparatus operates within UK universities, including via the United Front Workers Department (UFD) and the Confucius Institutes.

In addition to these concerns, there is also an increasingly held belief that UK universities are becoming over-reliant on Chinese students as a proportion of their total international student intake, and thus on Chinese funding. It raises financial concerns and questions about the risks that this poses to UK universities should the geopolitical relationship with the People’s Republic of China (PRC) change.

The presence of harmful financial and research relationships with UK universities – often researching dual-use technology which has potential military applications – in addition to academic freedoms being censored and the over-reliance on Chinese student fees, all pose serious questions for how best to mitigate against these threats to UK academia, and how best the UK Government can respond.

This chapter will begin by breaking down in more detail each of these concerns and how they relate to the UK’s academic freedoms. Following this will be a brief assessment of how the UK Government has responded in recent years to these threats, including tightening the Academic Technology Approval Scheme in 2022. The chapter concludes with a series of reinforced but pragmatic policy recommendations, which the Government could consider in order to continue safeguarding against increased interference to the UK’s academic institutions, its world-leading research centres, and its increasingly large Chinese, Hong Kong, and Taiwanese student populations.

303 Clark, R. (2023) *The Strategic Dependence of UK Universities on China – and where should they turn next?* Civitas.

304 Clark, R., and Tylecote, R. (2021) *Inadvertently Arming China? The Chinese military complex and its potential exploitation of scientific research at UK universities.* Civitas.

The nature of the threat: China's Military-Civil Fusion strategy

The UK's overreliance on China in academia transcends the purely educational sphere through which to objectively analyse these events, and crosses firmly into the broader national security domain, notably when we consider that the CCP's 'Military-Civil Fusion' (MCF) strategy is a central focus of Xi Jinping's regime. MCF is a critical component to Xi's desire to supplant the US-led, rules-based international order, for a global regime far more harmonious to the CCP's vision for a new global order centred around Chinese authoritarianism.

MCF is an aggressive national strategy which seeks to establish China as the most technologically advanced military in the world. This is part of Xi's desire for Chinese 'national reunification' of Taiwan, the reassertion of China on the global stage, and to atone for China's 'century of humiliation' immediately prior to the 1949 revolution. Inherent to all three of these strategic goals is the PLA as the most technologically advanced military in the world, a core CCP strategy to be achieved by 2049 – the centenary of the 1949 revolution. Xi personally oversees the MCF strategy's implementation, chairing the CCP's Central Military Commission and the Central Commission for Military-Civil Fusion Development.

A central focus of implementing MCF is the eradication of barriers between China's civilian research and commercial sectors, and its defence industrial base, including military research and development, fusing both sectors together in order to advance the PLA's militarisation. In order to achieve this military dominance, the CCP implements a strategy of careful and considered research and development collaborations spanning the globe, in order to acquire and divert the world's cutting-edge technologies. The CCP covet, above all technologies, artificial intelligence (AI), which they believe will drive the next revolution in military affairs, and that the first country to apply AI to next generation warfare will achieve military dominance.³⁰⁵ Other key technologies being targeted by Beijing include quantum computing, big data, semiconductors, 5G, advanced nuclear technology, and advanced aerospace technology. Often the CCP seeks to especially exploit 'dual-use' technologies, which have both military and civilian applications.³⁰⁶

In order to achieve these goals, the CCP actively target overseas interests. These include, by legal means, private and public investment in targeted industries, and talent recruitment programmes. Other means are legal but have potentially malign challenges, including academic and research collaborations for military gain. Finally, there are illegal means, including forced technology transfer, intelligence gathering, and potential theft. Overseeing these operations is a part of the broader 'National Front' work programme, directed by the UFWD. As an organ of the Central Committee designed for intelligence-gathering, the UFWD remain incredibly active across academia, especially targeting British universities for their rich history as a global science and technology hub.

The US State Department assess that the CCP exploits the open and transparent nature of international research enterprises in order to bolster its own military capabilities, particularly through Chinese bodies like the Chinese Scholarship Council (CSC), which the US State Department acknowledge requires scholarship recipients to report on their overseas research to PRC diplomats.³⁰⁷ As previous research has demonstrated, joint research institutions at UK universities, collaborations with academia, and private firms are frequently being inadvertently adopted to build the PLA's future military systems.³⁰⁸ This will occur without their knowledge or consent, whilst the UK collaborator often insists that all due processes are followed, and thorough checks and balances are conducted, whenever financial transactions or research collaborations are established.

This lack of institutional awareness can be readily evidenced by university responses on their Chinese funding from sources directly involved in China's military-industrial complex. Despite evidenced records of money from US-sanctioned Chinese companies involved in manufacturing missiles for the PLA, many UK universities still readily accept funding from these entities, declaring that the funds are 'robustly scrutinised'. However, the research reports cited throughout this chapter strongly make the case that they are not robustly scrutinised.

305 Allen, G. (2019) *Understanding China's AI Strategy: Clues to Chinese Strategic Thinking on Artificial Intelligence and National Security*. Center for a New American Security.

306 Clark, R., and Tylecote, R. (2021) *Inadvertently Arming China? The Chinese military complex and its potential exploitation of scientific research at UK universities*. Civitas.

307 The U.S. State Department. *The Chinese Communist Party's Military-Civil Fusion Policy*. Available at: 2017-2021.state.gov/military-civil-fusion (Accessed: 3 September 2024).

308 Clark, R. (2022) *Inadvertently Arming China? One Year On: The Chinese military complex and its exploitation of scientific research at UK universities*. Civitas

UK university dependency on fees, scholarships and institutions from China

Setting aside that up to one third of all Chinese funding towards UK universities derives from the Chinese military complex, there remain other deep concerns regarding the nature of Chinese interference within UK academia. A 2023 report from the Office for Students (OfS) highlighted how ‘some providers in particular, continue to rely on recruitment of students from China’,³⁰⁹ in a detailed account of how many UK universities are becoming far too reliant on accepting increasing numbers of international students – particularly from China – in order to meet the growing financial burdens placed upon them.

Highlighting the reliance on intentional students from China, data obtained by OfS showed that between 22-23 per cent of all international students to the UK in the years 2021-22 were from China – around 120,000 per year.³¹⁰ The degree to which this reliance on a sole country leaves increasingly vulnerable universities susceptible to likely worsening changes in the geopolitical environment and relations between the West and China. It also raises ethical questions over student welfare and the respect for academic freedoms on UK campuses.

A 2023 report covered many of the challenges in detail, including the roles on UK campuses of the Confucius Institutes (CIs), the China Scholarship Council (CSC), and the Chinese Students and Scholars Associations (CSSAs) – all of which operate as legitimate Chinese educational organisations, but in reality are overseen by the UFWD and thus controlled by the CCP Central Committee, itself directly controlled by the General Secretary of the CCP – Xi Jinping.³¹¹ Accordingly, each of these educational bodies should be viewed within the context of the UFWD’s central focus of neutralising sources of potential challenge and opposition to the CCP’s authority.

The CIs are a branch of the Chinese Ministry of Education, primarily charged with teaching Mandarin and promoting Chinese culture overseas. However, evidence from the CIs suggests they are fully integrated into the CCP propaganda system.³¹² At numerous points in the last three years various senior figures in the previous Conservative government declared a desire to shut down the CIs,³¹³ which operate across 30 UK universities. Research in 2023 uncovered that of the 15 listed sources for Chinese funding to CIs in the UK reported to this author – under freedom of information requests (FOIs) to all UK universities – 12 either have links to the PLA, are engaged in military-civil fusion and China’s defence industrial base, or are a tool of CCP propaganda (applicable to the Chinese International Education Foundation, the body governing CIs, and the Confucius Institute Headquarters).³¹⁴ Furthermore, this included 40 per cent of all declared Chinese funding for UK CIs deriving from either PLA-linked entities, or entities engaged in MCF.

The CSSAs are a further branch of the CCP’s United Front work overseas, operating across most of the UK’s universities. Sitting underneath the Chinese Ministry of Foreign Affairs and administered by respective Chinese embassies abroad, the stated aim of the CSSA is to look after and support Chinese students abroad. In reality, however, the organisation reports Chinese students to the embassy and respective Chinese authorities for any wavering from the party official line, whilst trying to clamp down on any discussion of sensitive topics, including the Hong Kong democracy movement, Taiwan, and Tibet. The CSSA takes far more direct guidance from the Chinese embassy than the CIs. For instance, in 2014, the CSSA was widely suspected of attempting to silence Chinese protestors during a Downing Street visit by then-premier Li Keqiang.³¹⁵ In 2019, the House of Commons

309 Office for Students (2023) *Financial sustainability of higher education providers in England - 2023 update*. Available at: www.officeforstudents.org.uk/publications/financial-sustainability-of-higher-education-providers-in-england-2023-update (Accessed: 3 September 2024).

310 *Ibid.*

311 Clark, R. (2023) *The Strategic Dependence of UK Universities on China – and where should they turn next?* Available at: www.civitas.org.uk/publications/the-strategic-dependence-of-uk-universities-on-china-and-where-should-they-turn-next (Accessed: 3 September 2024).

312 Dunning, S. and Kwong, A. (2022) *An Investigation of China’s Confucius Institutes in the UK*. Henry Jackson Society. Available at: henryjacksonsociety.org/publications/aninvestigation-of-chinas-confucius-institutes-in-the-uk (Accessed: 2 November 2023).

313 Francis, S. (2023) *Rishi Sunak u-turns on proposed ban on Chinese institutes*. Available at: www.bbc.co.uk/news/uk-politics-65624287 (Accessed: 3 September 2024).

314 Clark, R. (2023).

315 Hopper, R. (2014) ‘Chinese embassy accused of recruiting people to ‘drown-out’ protesters as Premier visited Downing Street’, *The Standard*, 17 June. Available at: www.standard.co.uk/news/london/chinese-embassy-accused-of-recruiting-people-to-drownout-protesters-as-premier-visited-downing-street-9543989.html (Accessed: 3 September 2024).

Foreign Affairs Select committee highlighted the role of the CSSA as an ‘instrument of political interference’,³¹⁶ whilst in that same year, Human Rights Watch (HRW) called for closer monitoring of the CSSA in response to threats to academic freedom. The same HRW report called for the banning of Confucius Institutes due to what it found to be demonstrable threats posed to academic freedoms.³¹⁷

Perhaps the most concerning of the UNFW organs operating across UK campuses is the Chinese Scholarship Council (CSC). Established in the mid-1990s, the CSC is a Ministry of Education scheme to support Chinese students studying overseas – predominantly science and technology-based PhD research. What makes the CSC a unique challenge to UK universities is that as a tool of CCP statecraft they demonstrably undermine freedoms on UK campuses, whilst the scholarships provided to Chinese students are subsidised by UK universities themselves, and therefore in part by the British taxpayer. Thus, the CSC provides a further illuminating example of both the dependency that British universities have on China, and the inherent challenges that this largely one-way transactional relationship poses to British universities, Britain’s economic independence, and to national security more broadly.

As a tool of Chinese statecraft, the scholarships themselves are advertised at UK universities with the stipulation that the students meet the CSC priorities – but without confirming what these priorities may be.³¹⁸ A report in 2023 uncovered a translated copy of the CSC charter, which stated that recipients must adhere to official CCP guidance, and promote CCP ideology, or risk of being forcibly returned to China.³¹⁹ This therefore places immense pressure on Chinese students to act, in effect, as agents of the CCP, on highly sensitive PhD research which often has potential for dual-use technology.

Recommendations

Align UK sanctions list with the US’ Entity List

- The current UK sanctions list requires urgent attention. As can be evidenced from past research, up to 33 per cent of all Chinese funding declared from the universities that returned FOI replies derived from entities which are either linked to the Chinese military, are complicit in the CCP’s MCF strategy, or are defence entities themselves. That isn’t merely one or two minor slip ups or anomalies; that’s a third of all Chinese funding to UK universities that traces back to the Chinese military in one form or another.
- The UK government should begin drafting up export control bans – to include research (classified as an export) – to prohibit the exploitation of the UK by Chinese companies complicit in the modernisation of the world’s largest military which threatens the security of not only some of the UK’s closest allies and partners, but also our own. To allow UK universities to continue accepting millions of pounds each year from Chinese companies complicit in furthering the CCP’s agenda, which is drastically at odds to the UK’s, is extreme strategic incoherence. Aligning the UK’s sanctions list, export controls, and control orders with the US, which far better understands the inherent risks in dealing with these Chinese defence entities, would be a step in the right direction.
- In line with strengthening UK sanctions lists, the Department for Education and the Department for Business and Trade should ban all university funding, donations, and research collaborations with Chinese defence companies on the US Entity List. Receiving millions of pounds a year from the CCP’s defence industry, including hypersonic missile testing centres, military jet manufactures, and PLA research institutions, is not in the national interest, and it is remarkable that it needs clarification.

316 House of Commons Foreign Affairs Committee (2019) *A cautious embrace: defending democracy in an age of autocracies*. Available at: publications.parliament.uk/pa/cm201919/cmselect/cmfaaff/109/109.pdf (Accessed: 3 September 2024) p.6.

317 Human Rights Watch (2019) *China: Government Threats to Academic Freedom Abroad*. Available at: www.hrw.org/news/2019/03/21/china-government-threats-academic-freedom-abroad (Accessed: 3 September 2024).

318 Lancaster University. *Lancaster University - China Scholarship Council: Joint PhD Scholarships*. Available at: www.lancaster.ac.uk/study/fees-and-funding/scholarships-and-bursaries/china-scholarship-council (Accessed: 3 September 2024).

319 Clark, R. (2023), pp.87-88.

End UK collaboration with members of China's Seven Sons of National Defence

- The UK cannot afford to continue entering into research collaborations with, or accept funding from, China's Seven Sons of National Defence: Beihang University; Beijing Institute of Technology; Harbin Engineering University; Harbin Institute of Technology; Nanjing University of Aeronautics and Astronautics; Nanjing University of Science and Technology; and Northwestern Polytechnical University. These defence universities are engaged in some of China's most sophisticated military programmes, including their ongoing nuclear proliferation. Three quarters of university graduates recruited by Chinese defence related state-owned enterprises come from the Seven Sons, whilst they all devote at least half of their research budgets to military products. It is a clear case of strategic incoherence to allow continued collaborations with such dangerous entities. All seven defence universities have direct collaborations and shared institutional access with the PLA. The US has banned all graduate students from these entities. The UK should follow suit and ban all graduates from studying at British universities, end accepting financial donations, and terminate all research collaborations.

Removal of the Chinese Students and Scholars Associations

- As a tool of CCP propaganda, charged with the surveillance of Chinese, Hong Kong, and Taiwanese students through the embassy networks, there is no place for the CSSAs on British campuses. Already long-branded an 'instrument of political interference' by the influential House of Commons Foreign Affairs Select Committee, the organisation Human Rights Watch are correct to call for their closure due to the threats to academic freedoms they pose.

Removal of the China Scholarship Council

- The CSC has been shown to be a one-way only transaction. UK universities are losing funds every year in subsidised student fees for ideologically acceptable Chinese students to study in the UK – only to return straight back to the PRC once their studies are finished. The UK gets little out of this relationship, except welcoming CCP-accepted students on to British campuses. If the UK government is insistent that these students from the regime in Beijing must remain in the UK, then at the very least UK universities should cease subsidising their fees, and in the process recoup millions of pounds each year lost to further Xi Jinping's hegemonic aspirations.

Removal of Confucius Institutes from British universities

- Whilst the previous Prime Minister campaigned in 2022 on a promise to remove CIs, the Conservative government's promise to end all government funding to the centres did not go far enough. As can be evidenced from the research report, *The Strategic Dependence of UK Universities on China*, the CIs draw in substantial funding from Chinese sources. In the wake of an end to British funding, Chinese funding will almost certainly rise. As can be further evidenced from that report, most of the Chinese funding comes from entities with links to the PLA, or are heavily involved in the CCP's MCF strategy. The CCP and western academia – steeped in critical thought – hold opposing and irreconcilable values. Any partnership between the two is unsustainable, threatens British university students' welfare, academic freedoms, and harms national security.

Establish Mandarin centres in British universities

- With the saving of £27 million made by the government ending its funding of CIs, the government should devote that resource to friendly Mandarin-speaking entities, such as the Taiwan Centre for Mandarin Learning, and the Overseas Community Affairs Council, both established language training centres in Taiwan. Mandarin is, of course, and will remain, an important language to study, but training should be done by friendly institutions which share British values of openness, liberal democracy, academic freedom and critical thought. This would be of immeasurable benefit to the UK, as compared to leaving this task to authoritarian regimes that seek to undermine liberal democracies, and particularly those who subvert the UK government and British sovereignty.

Reduce the number of fee-paying Chinese students as a proportion of overall university intake

- Nearly one quarter of all international students in the UK are from the PRC. This is unsustainable both financially and as a national security consideration. A reduction in overall Chinese postgraduate students especially, and particularly in science and technology-based courses, will help alleviate this financial overdependency upon one single country – and a country which is increasingly at odds with the UK's national security concerns.

Review international student fees

- In order to offset against the dependency on international student fees from the PRC, the UK government should incentivise students from Taiwan and Hong Kong, in addition to the Commonwealth of Nations. In January 2021, the Home Office launched the BN(O) visa, enabling BN(O) status holders and their family members to live, work, and study in the UK. In April 2021, the then Department for Levelling Up, Housing and Communities (DLUHC) launched a new UK-wide Welcome Programme to support those on the BN(O) visa to settle in the UK. In March 2023, DLUHC announced the continuation of the Welcome Programme. In June 2023, DLUHC announced the successful grant recipients across the voluntary, community, and social enterprise (VCSE) sector for Year 3 of the grant scheme.
- The UK therefore needs a reconsidered higher education policy on how it approaches Hong Kong families and students, including lowering tariffs of tuition fees for those who form part of the BN(O) visa route, to connect to wider changes, including the visa scheme, that have already been implemented in government.
- In addition, reviewing international fees, bursaries, grants and other such assistance for members of the Commonwealth would help incentivise students from some of the UK's strongest allies and partners, further helping to de-risk the current over-reliance on Chinese student tuition fees and funding. A special Commonwealth Nations International Fees Programme would studiously help in this regard, in addition to strengthening some of the UK's strongest partnerships.

Genomics – the next national security battleground

Dr Robert Seely

Introduction

China and the West are locked in competition over strategic industries and advanced technologies. From semiconductors and quantum computing to artificial intelligence (AI), advanced technologies are vital for future prosperity but are also raising novel national security questions for governments around the world. Nowhere is this more pronounced than in the field of genomics. Although our allies, including the US, are working to protect their citizens' DNA, the UK has been slow to act.

China's quest to become a tech superpower

In 2023, the heads of the Five Eyes domestic security agencies – US, UK, Australia, Canada, and New Zealand – warned about China's targeting of cutting-edge technology, underscoring the global nature of this competition. However, technology is not value-neutral, and the way advanced technologies are deployed will have a profound economic and societal impact. If an authoritarian nation dominates any of these advanced technologies, they can dictate research standards and norms, create new economic dependencies, and control entire industries – ultimately impacting our strategic advantage and economic security.

Plenty has already been written about AI, but less so about genomics – an industry already worth billions and a strategic target for China. Genomics, and related areas of biotechnology, sits within the life sciences and focuses on the structure, evolution, and editing of genomes – the complete set of DNA for a human, animal, or plant organism. Now called 'the new gold', genetic information is crucial in understanding illnesses, developing new drugs and therapeutics, and harnessing new gene editing technology to improve lives.

Genomics is a pertinent example where the Chinese Communist Party (CCP) leverages its hybrid economic system – that blurs private and public, civilian and military – to meet the technological goals of the state. While some analysts have compared Beijing's support for telecom giant Huawei to its approach with its genomics leaders, BGI Group and former subsidiary MGI Tech, the strategies employed differ. The intricate corporate connections and subsidiary relationships between BGI, MGI, and the Chinese state enable them to navigate regulatory and political oversight more discreetly.³²⁰

Huawei was eventually barred from building the UK's 5G infrastructure, but China appears to be learning from this experience. Whereas Huawei represented a single point of failure, this time there are multiple genomics companies seeking global dominance.

National security

In February 2024, President Biden issued an Executive Order to safeguard the personal data of American citizens from hostile states, following concerns from national security and intelligence officials about the CCP's mass collection of genetic data.³²¹ Concerns over Beijing's interest in foreign DNA have also prompted lawmakers to propose bipartisan legislation, the BIOSECURE Act, that would ban Chinese genomics companies from federal contracts.³²²

320 Puglisi, A. and Rask, C. (2024) *China, Biotechnology, and BGI: How China's Hybrid Economy Skews Competition*. Available at: cset.georgetown.edu/publication/china-biotechnology-and-bgi (Accessed: 3 September 2024).

321 Vanian, J. (2024) *Biden issues executive order aimed at protecting Americans' sensitive data from China, other 'hostile countries'*. Available at: www.cnn.com/2024/02/28/biden-executive-order-aims-to-protect-americans-sensitive-data-from-china-russia.html (Accessed: 3 September 2024).

322 The Select Committee on the CCP (2024) *Bill to Ban Foreign Adversary Biotech Companies, including BGI Group*. Available at: selectcommitteeontheccp.house.gov/media/bills/bill-ban-foreign-adversary-biotech-companies-including-bgi-group (Accessed: 3 September 2024).

Despite increasingly partisan fractures, this remains one of the few bipartisan issues on the Hill. A potential future Trump administration is unlikely to alter Washington's defensive posture against China in the competition for strategic industries, particularly genomics. The sector has grown significantly following the Covid-19 pandemic and plays an increasing role in healthcare and biosecurity, with major players realising the commercial and military advantages of this technology.

The CCP has classified genomics and biotechnology as a national security concern and an industry to dominate under its 'Made in China 2025' plan. Beijing is supporting its national champions, BGI Group and MGI Tech, to realise this.³²³ In 2021, the US National Security Commission on Artificial Intelligence warned BGI Group 'may be serving... as a global collection mechanism for the Chinese government [and] poses similar threats in the biotechnology sector as Huawei does in communications'.³²⁴

Courtesy of the Chinese state, BGI and MGI are among the largest genomics companies in the world. Behind their rapid expansion is the irregular corporate and market practices that provide them with clear advantages over competitors. These include having a majority of shareholders with direct or indirect ties to the CCP, receiving direct state subsidies from multiple Chinese government funds, and relying on the state as the primary source of funding for company operations and global expansion.³²⁵ BGI's Vice President, Du Yutao, is also listed as the company's Communist Party Secretary,³²⁶ and represents the company at the CPC National Congress.³²⁷

BGI's links to the Chinese military are well documented, underscoring the dual-use potential of genomics technology for defensive biosecurity or offensive capabilities.³²⁸ While these risks may once have sounded far-fetched, they are present dangers that add a new dimension to geopolitics. Reports reveal Beijing is already trying to exploit biotechnology for genetically enhanced soldiers or engineered viruses.³²⁹ BGI scientists have even studied monkey brains at high altitudes to develop new drugs that would prevent brain damage.³³⁰ The People's Liberation Army's (PLA's) sponsorship of gene editing research and human performance enhancement is strategic when viewed through the lens of the geopolitical and military advantage this technology would bring for an army operating at high altitudes, for instance in Tibet.³³¹

UK lagging behind

Compared to the US, the UK is sleepwalking into another national security failure due to its lacklustre approach against Chinese genomics companies. The Pentagon has designated BGI Group as a 'Chinese military company' and blacklisted several BGI subsidiaries for enabling surveillance against ethnic groups.³³² In the UK, despite numerous parliamentary questions about BGI and MGI, and a former Science Minister labelling BGI as a 'danger point' in March 2023,³³³ there is little clarity over what the government knows.

323 Warrick, J. and Brown, C. (2023) 'China's quest for human genetic data spurs fears of a DNA arms race', *The Washington Post*, 21 September. Available at: www.washingtonpost.com/world/interactive/2023/china-dna-sequencing-bgi-covid/ (Accessed: 3 September 2024).

324 The National Security Commission on Artificial Intelligence (2021) *Final Report*. Available at: [cybercemetery.unt.edu/nscai/20211005220330/https://www.nsc.gov](https://www.nsc.gov/cybercemetery.unt.edu/nscai/20211005220330/https://www.nsc.gov) (Accessed: 3 September 2024).

325 Puglisi, A. and Rask, C. (2024) *China, Biotechnology, and BGI: How China's Hybrid Economy Skews Competition*. Available at: cset.georgetown.edu/publication/china-biotechnology-and-bgi/ (Accessed: 3 September 2024).

326 BGI. *Team*. Available at: www.bgi.com/team (Accessed: 3 September 2024).

327 CGTN (2023) *CPC Delegates: Genomics scientist on China's achievements in genetics technologies*. Available at: news.cgtn.com/news/2022-10-16/VHJh-bNjcmIwdDY4ODAz/index.html (Accessed: 3 September 2024).

328 Needham, K. and Baldwin, C. (2021) *China's gene giant harvests data from millions of women*. Available at: www.reuters.com/investigates/special-report/health-china-bgi-dna/ (Accessed: 3 September 2024).

329 Gabbatt, A. (2020) 'China conducting biological tests to create super soldiers, US spy chief says', *The Guardian*, 4 December. Available at: www.theguardian.com/world/2020/dec/04/china-super-soldiers-biologically-enhanced-john-ratcliffe/ (Accessed: 3 September 2024).

330 Needham, K. and Jacobsen, S. (2021) *Monkey-brain study with link to China's military roils top European university*. Available at: www.reuters.com/world/exclusive-monkey-brain-study-with-link-chinas-military-roils-top-european-2021-11-18/ (Accessed: 3 September 2024).

331 China National Defense Science and Technology Information Center (2017) *Full text of the "13th Five-Year Plan" Special Plan for the Development of Military-Civilian Science and Technology*. Available at: www.aisixiang.com/data/106161.html (Accessed: 3 September 2024).

332 U.S. Department of Defense (2021) *Entities Identified as Chinese Military Companies Operating in the United States in Accordance with Section 1260H of the William M. ("Mac") Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283)*. Available at: media.defense.gov/2022/Oct/05/2003091659/-1/1/0/1260H%20COMPANIES.PDF (Accessed: 3 September 2024).

333 Hansard (2023) *Genomics and National Security: Volume 729: debated on Wednesday 8 March 2023*. Available at: hansard.parliament.uk/commons/2023-03-08/debates/3F7E5903-596F-492A-B130-A4503928CA7F/GenomicsAndNationalSecurity (Accessed: 3 September 2024).

Since 2023, under its Biological Security Strategy, the previous government had been:

'...undertaking a full programme of work to assess how we can minimise the risks from biological data, shape global standards, and build confidence in sharing data to improve health outcomes in the UK and across the world'.³³⁴

In April 2024, the government noted 'significant work related to national security' was underway in response to concerns over BGI and MGI.³³⁵

Over the past few years, BGI and MGI have had multiple access points across the public sector, academia, and private healthcare to collect personal data. Despite being blacklisted by the USA from 2020 onwards (and being seen as a danger point in the UK), BGI was awarded a £11 million public contract in 2021 for Covid testing.³³⁶ In 2017, BGI performed whole genome sequencing on 50 samples from UK Biobank, processing these in Shenzhen.³³⁷

A freedom of information investigation in 2023 revealed that BGI and MGI had worked with 16 universities in the UK.³³⁸ The investigation also revealed the University of Cambridge had paused two research agreements and placed them under 'review from an ethics perspective'. In comparison, Imperial and the University of Edinburgh denied working with BGI, indicating the need for clearer guidance across academia.

BGI's pre-natal tests for chromosomal abnormalities (branded as NIFTY) are available through private clinics, despite concerns revealed by a Reuters investigation that NIFTY was developed with the PLA and is being used to collect the DNA of millions of people globally.³³⁹ While the NHS confirmed NIFTY is currently not on its procurement framework, the previous government noted it does not know how many of these tests have been sold in the UK.³⁴⁰

While the weak response echoes the approach against Huawei, parallels with the telecoms giant understate the magnitude of the threat from state-linked genomics companies. Once an adversary has access to a person's DNA, the damage is irreversible. Our DNA is the ultimate identifier, revealing our family history, physical and mental characteristics, and susceptibility to diseases. As our partners have shown, this risk requires more robust and preventative action.

334 UK Parliament (2023) *BGI Group: Hacking. Question for Department for Science, Innovation and Technology. UIN HL6289*. Question asked by Lord Alton of Liverpool on 9 March. Question answered by Viscount Camrose on 23 March. Available at: questions-statements.parliament.uk/written-questions/detail/2023-03-09/hl6289 (Accessed: 3 September 2024).

335 Singh, A. and Holmes, R. (2024) 'China is a national security threat to UK health data, leaked letter reveals', *iNews*, 18 April. Available at: inews.co.uk/news/politics/china-security-uk-data-3014031 (Accessed: 3 September 2024).

336 Boffey, D. (2023) 'Chinese firm got Covid contract despite trying to hack NHS data, minister says', *The Guardian*, 8 March. Available at: www.theguardian.com/politics/2023/mar/08/mps-call-for-uk-to-ban-chinese-gene-research-firm-from-government-contracts-bgi-group (Accessed: 3 September 2024).

337 UK Biobank. *UKB WGS pilot data on BGISEQ*. Available at: biobank.ctsu.ox.ac.uk/crystal/refer.cgi?id=657 (Accessed: 3 September 2024). UK Biobank (2018) *Whole Genome Sequencing Report for UK Biobank*. Available at: biobank.ctsu.ox.ac.uk/crystal/ukb/docs/BGI_wgs_report.pdf (Accessed: 3 September 2024).

338 Lubbock, J. and Steinhardt, D. (2023) 'Controversial Chinese Company BGI Genomics Found to have Worked with at Least 16 UK Universities', *Byline Times*, 31 July. Available at: bylinetimes.com/2023/07/31/controversial-chinese-company-bgi-genomics-found-to-have-worked-with-at-least-16-uk-universities (Accessed: 3 September 2024).

339 Needham, K. and Baldwin, C. (2021) *China's gene giant harvests data from millions of women*. Available at: www.reuters.com/investigates/special-report/health-china-bgi-dna (Accessed: 3 September 2024).

340 UK Parliament (2024) *Pregnancy: Screening. Question for Department of Health and Social Care. UIN 22292*. Question asked by Henry Smith on 17 April. Question answered by Andrew Stephenson on 24 April. Available at: questions-statements.parliament.uk/written-questions/detail/2024-04-17/22292 (Accessed: 3 September 2024).

Responses and recommendations

In its report last year, the Intelligence and Security Committee warned China was targeting government departments, academia, and businesses working on biotechnology, and recommended a China strategy that is ‘forward-thinking, joined up and utilises a “whole-of-government” approach’.³⁴¹

There are three steps the UK government should consider to catch up with our partners: launching a Parliamentary joint committee inquiry to reflect the cross-cutting nature of this issue, aligning the public and private sector through stronger guidance about threats for those working in genomics, and restricting entities linked to systemic competitors access to UK genetic data.

China’s ‘whole-of-state’ approach to targeting strategic industries necessitates a holistic response. This requires a reconfiguration of how Whitehall views the issue, given its cross-cutting nature over multiple policy areas. A joint inquiry would enable Parliament to deploy robust scrutiny over whether key departments understand risks and view the sector from a national security perspective.

An inquiry would also challenge contradictions in the current approach whereby regulators expect companies to conform to General Data Protection Regulation (GDPR) despite being mandated to comply with China’s data-sharing legislation. BGI and MGI – like any other China-based company – are mandated under Article 7 of China’s National Intelligence Law to share data with state authorities, especially where there is a military application.

There must be greater alignment between the public and private sectors within the genomics field. As a liberal democracy, we cannot replicate Beijing’s ‘whole-of-state’ approach, but we can strengthen existing regulations and create foundations that help domestic companies compete. This includes providing businesses and academia with greater transparency on security assessments and a clearer articulation of why engaging with certain companies comes at a heavier price in the longer term for national security and resilience.

The National Security & Investment Act 2021 gives the UK government powers to scrutinise and intervene in business transactions in 17 critical areas of the economy, including ‘synthetic biology’. These powers were invoked against Chinese state-linked entities to prevent a takeover of intellectual property relating to vision sensing technology which would have military applications. However, these powers apply to takeovers, and would not prevent BGI and MGI from accessing public contracts, partnering with universities, or selling its products commercially.

Given the cross-party campaigning in Parliament, the public sector is likely to be less permissive to BGI and MGI than the private sector has been. However, risks should not simply shift to private healthcare providers or businesses that partner or subcontract with such entities. In April 2024, the previous government confirmed that the Biological Security Strategy ‘covers the extent to which the UK shares data with certain companies’;³⁴² yet there is little information on who these businesses are and when industry and consumers should proceed with caution.

The Research Collaboration Advice Team guides academia on malign entities, but its self-referral mechanism has failed to prevent the widespread access Chinese state-linked companies have across our academia. The government should remove the burden of making complex national security decisions away from businesses and rethink how critical industries can be protected more proactively.

Derisking against state-linked entities is insufficient if citizens remain exposed to second-order risks, through, for example, Chinese biotech companies partnering with a life sciences company with sensitive UK government contracts.

341 Intelligence and Security Committee of Parliament (2023) *China*. Available at: [isc.independent.gov.uk/wp-content/uploads/2023/07/ISC-China.pdf](https://www.isc.independent.gov.uk/wp-content/uploads/2023/07/ISC-China.pdf) (Accessed: 2 September 2024).

342 UK Parliament (2024) *Genomics: China. Question for Department for Science, Innovation and Technology. UIN 22294*. Question asked by Henry Smith on 17 April. Question answered by Andrew Griffith on 25 April. Available at: questions-statements.parliament.uk/written-questions/detail/2024-04-17/22294 (Accessed: 3 September 2024).

Industry must also recognise the ethical risks with malign genomics companies and avoid complicity with human rights abuses in their supply chains. BGI subsidiaries have been sanctioned by the US for their role in the collection and analysis of DNA that enabled the CCP's repression of ethnic groups.³⁴³ Human rights groups say the CCP is trying to create a database of DNA for genetics-based surveillance. BGI has previously announced it would build a gene bank and a 'judicial collaboration' centre in Xinjiang.³⁴⁴ The Australian Strategic Policy Institute has also highlighted the risk of genomic technology being used to identify genetic vulnerabilities in a population.³⁴⁵

The CCP's active use of genetic data and support for its national champions to dominate this critical technology should be an impetus for Western democracies to treat genetic data as an intrinsic part of national security. Policymakers should be emboldened to take stronger action when it comes to our most sensitive information. Fostering our world-leading life sciences sector whilst tackling malign entities and aligning with our security partners should not be mutually exclusive. Plugging vulnerabilities would help the UK remain at the forefront of the life sciences sector.

343 China's gene giant harvests data from millions of women, www.reuters.com/investigates/special-report/health-china-bgi-dna/

344 Basu, Z. (2020) *U.S. blacklists Chinese companies tied to Xinjiang gene bank project*. Available at: www.axios.com/2020/07/20/bgi-china-entity-list-ughur-gene-bank (Accessed: 3 September 2024).

345 Lau, Y. (2022) *China's extensive use of genetic information sounds a warning*. Available at: www.aspistrategist.org.au/chinas-extensive-use-of-genetic-information-sounds-a-warning (Accessed: 3 September 2024).

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China is becoming the most serious challenge to UK and the West, due to its economic growth, military strength, and fast-developing foreign policy in relation to its territorial claims and record on human rights. These developments are as significant a priority for new British Prime Minister Sir Keir Starmer and his Labour colleagues as they were for their Conservative predecessors.

Our response to this challenge so far – both in the UK and more widely across Western democracies – remains piecemeal, disconnected, and lacking a long-term strategic vision. This essay collection aims to remedy this failing through a consideration of leading cross-government policies and recommendations – covering the challenges to our prosperity, trade and investment, our international approach and human rights record, our national defences and security framework, through to our universities and emerging technologies such as genomics.

This essay collection first seeks to lay out clearly what China's agenda is, in its own words. Critically, it also examines the creation of a dependency which has ensured that foreign governments cannot adopt policies inimical to Chinese Communist Party (CCP) interests. Others have described the CCP as a highly impactful perpetrator of transnational repression – cross-border interference with the exercise of basic rights – in the UK.

It is argued we should not deflect from the very real problems with China's human rights record and the challenges these pose to our relationship. However, we too are the problem. Too often in the West, we seem to have an intrinsic challenge in our lack of resilience or even of belief in our civilisational values.

One Labour MP and leading intellectual on the left suggests in this collection we need a new Office of Economic Statecraft to coordinate the intelligence, economic models and plans for economic resilience and security. Another contribution suggests policymakers should also link future supply chain policies with national security strategies.

The benefits of continued economic engagement are significant. So too are the risks and dependencies that such engagement can generate. Crafting policy that furthers all British interests – those of economics, security, and values – is difficult. New technologies and the shifting policy choices of our allies and of China call for novel and adaptive policy responses. We already know more detailed and accurate research information is required in government examining CCP interference, including the practices of the United Front Work Department.

In terms of our international partners, further contributions address whether the UK's American and European allies can align their priorities and objectives in Eurasia, in which an integrated Eurasian Rimland coalition could be capable of containing Chinese expansionist objectives. Others suggest Taiwan's continued exclusion from the world stage frustrates knowledge exchange and cooperation and helps justify Beijing's expansionist claims.

It is concluded by the editors that we have some tactics, but no strategy. Working with friends and allies around the world, the time has come to develop such a strategy.

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